Published with The New York Times and The Washington Post

No. 30,773

PARIS, WEDNESDAY, JANUARY 27, 1982

Established 1887

# Suslov, 79, Dies; Kremlin Ideologist

Top Guardian of Communist Dogma Succumbs After 'Brief, Grave Illness'

By Dusko Doder Washington Post Service

MOSCOW - Mikhail A. Suslov, 79, the high priest of Communist dogma for more than three decades and the second most powerful member of the Kremlin leadership, died Monday after "a hrief grave illness," Tass announced Tuesday. The cause of his death was not dis-

Mr. Suslov has been the gray eminence of the Soviet regime and the indisputable guardian of the doctrine by which it rules. First elected to the ruling Politburo in 1952, he wielded supreme authority while remaining behind the

He knew no rival in the degree of his unshakable advocacy of orthodox Communism: This and the fact that he did not aspire to become the leader made him not only the ultimate interpreter of Marxism-Leninism, but also the kingmaker in the Politburo.

### 'Gains of Socialism'

It was not that be was remarkable for any outstanding theoretical contributions or for a profound knowledge of Marxism. Apart from high intelligence and agility of mind, Mr. Susloy had the ability to provide an ideological justification for practical party policies and an unusual gift for manipulat-

He played a key role in assessing

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Ob 186

 $100^{152M}$ 

3.8678%

countries, which made him a deci-sive factor in Moscow's actions, ranging from the 1956 suppression of the Hungarian rebellion and id-eological quarrels with Yugoslavia and China to the 1968 invasion of Czechoslovakia and Soviet atti-tudes toward the current Polish

In his last theoretical speech published this month, Mr. Suslov still talked about the creation of a "new Soviet man" as being "the most important task" before the country. His last pronnuncements on changes in the Socialist world addressed to Poland included the warning that "any deviation from our revolutionary teaching brings with it fatal consequences."

His departure from the scene appears to mark the end of an era. He was the last senior survivor of the Stalin period, senior to all his colleagues. He joined the Commu-nist Party in 1921, 10 years before President Leonid I. Brezhnev. Mr. Suslov also became a member of the Politburo in 1952, five years before Mr. Brezhnev joined the very apex of Kremlin power.

Mikhail Andreevich Suslov was born into a peasant family in a vil-lage on the Vnlga, near Ulyanovsk, on Nov. 21, 1902. As a youth be is said to have joined a committee of poor peasants protesting czarist

His academic career was brilliant. He was graduated from the

STANDARDEZ

MILLION

A young hopeful waiting outside a London employment office

Tuesday reads the bad news about Britain's 3 million jobless.

**British Unemployment** 

By Leonard Downie Jr.

Washington Post Service

LONDON — Unemployment in Britain rose above the politically

sensitive level of 3 million Tuesday

for the first time in the nation's history, exceeding the number of johless during the worst of the

A record 3,070,621 Britons

12.7 percent of the work force -

Recession and saturation of the

labor market hy a 1960s baby

boom has made rapidly rising un-

employment a pressing economic

and political problem throughout Western Europe, but nuly Belgium and Spain now have higher unem-

Opposition Labor Party leader

- Michael Foot called the new fig-

ures "an appalling disaster." The

employment spokesmen for the

new Social Democratic Party, John

Grant, said they are "the unmis-takable symbol of the abject and

humiliating failure" of the mone-

tarist economic policies of Prime

Minister Margaret Thatcher's

Industrial Output Up

by shnuts of "resign" and

Greeted in Parliament Tuesday

shame," Mrs. Thatcher defended

her policies and pointed to signs

that the battered British economy

is beginning to recover from the re-

cession. She said there was "a cer-

tain amount of encouraging news"

in increases in overtime work and

job vacancies included in Tues-

Conservative government.

ployment rates than Britain.

johless during the 1930s Depression.

population.

are without jobs as the country struggles to recover from its worst

recession in a half century. Unem-

peaked at 2.9 million in 1932, although that represented a larger

proportion of a smaller working



Mikhail A. Suslov

in Moscow in 1928 and later taught at Moscow University and the Stalin Industrial Academy. Among Mr. Suslov's students at the academy were Stalin's wife Na-dezhda Alliluyeva and Nikita Khrushchev, who was later to replace Stalin. Both played a part in

Mr. Suslov's subsequent career. His first responsible position was one of a party watchdog. In 1931, he was made an inspector of the party's Central Control Comsion seeking suspects who entertained unorthodox views. He was in charge of purges in the Ural and Chernigov regions from 1933 to 1934 and subsequently worked in one of the biggest internal undertakings of the Stalinist regime

known as "the great purge."
The scope of the 1934-37 purge was vast. Western experts say that as many as 8 million people were put into Siberian concentration camps. Of the 1,961 delegates to

(Continued on Page 2, Col. 1)

# Reagan Pledges A 'Much Better' U.S. Economy

WASHINGTON - President

Reagan vowed Tuesday to stick with his economic course and called for a "bold and spirited initiative" that sources said would transfer \$50 hillion in federal pro-grams to state and local govern-

In remarks prepared for his first State of the Union address, the president promised that the sageing economy would get "beuer, much better." At the same time, he said he would not neglect the na-"Contrary to some of the wild

charges you may have beard, this administration has not and will not turn its back on America's eld-erly or America's poor. Under the new hudget, funding for social insurance programs will be more than double the amount spent only six years ago," he said. The only alternative to his pro-

gram of deep cuts in taxes and spending, Mr. Reagan said, was "a return to the policies that gave us a trillion-dollar debt, runaway inflation, runaway interest rates and

He said the budget plan be will submit shortly "will realize major savings by dismantling the Departments of Energy and Education, and by eliminating ineffective sub-We will continue to redirect

hudget priorities — a strong na-tional defense to keep America free and at peace, and a reliable safety net of social programs for those who have contributed and those who are in need," he said.

With the basic components of his economic program already in place. Mr. Reagan said, his next major undertaking would be a pro-gram "to make government again accountable to the people, to make our system of federalism work

The president said his plan would accomplish "a realignment that will end cumbersome administration and spiraling costs at the federal level while we insure these programs will be more responsive to both the people they are meant to help and the people who pay for

He called it a "hold and spirited midative that I believe can change the face of American government and make it again the servant of the people."

Mr. Reagan, recently criticized for a decision involving tax exemp-tions for schools that discriminate, also reaffirmed his commitment to civil rights for blacks, equal rights for women and to attacking crime. Mr. Reagan's speech also mentioned Paland and the arms race.

In addition, sources said Mr. Reagan's plan would trim \$63 bil-lion in benefit programs, excluding While the president has rejected excise tax increases in cut the fed-

the next two fiscal years, said ad-

ministration and congressional

sources, asking not to be identi-

eral budget deficit, he was calling for closing "tax loophnles," a step that could raise \$18 billion over

President Reagan, with the speaker of the House, Thomas P. O'Neill Jr., at his side was the host

at a White House dinner party in the Blue Room for congressional leaders of both parties.

In the first phase of the transfer ni federal programs, Mr. Reagan will ask Congress to create a federalism trust fund of about \$28 billion a year in help the state and local governments pay for their

the federal government pay for the Medicaid program of health care for the poor, which costs \$19.1 billion a year. The states will pay the \$16.5 billion annual cost of welfare

1987, the federal government would turn over to the states about



From Agency Dispatches HELSINKI - Finnish Premier.

ter last week's initial electoral college voting, was voted his country's ninth president and the first Social Democratic head of state A special college of 301 popular-chosen members elected him

21 Communists and one other

He has promised his 4.7 million countrymen that he will maintain their concord with the Soviet Union. A special Soviet-Finnish relationship was huilt up by his prede-cessor, Urho Kekkonen, 81, during 25 years in power. Mr. Kekkonen resigned in October because of poor health.

Mr. Koivisto, 58, has said that he will continue the Kekkonen pol-icy of maintaining Finland's West-ern political, social and economic traditions. "Finland's position is recognized," he said after the bal-lots were counted. "We have all reason to believe that the economic and social development will con-tinue along recognized lines." Mr. Koivisto has also said that he will adopt a less arrogant approach to office than his predecessor.

He also predicted that relations "will turn for the better" between the United States and the Soviet Union because "I believe reason

# Soviet Acceptance

more interest in the Third World."

and security links with Finland after bitter frontier fighting during World War II, has indicated ac-ceptance of Mr. Koivisto as presi-

The Kremlin has been used to Meanwhile, as striking engineers ate Koivisto.

The decision was aimed at cutting payments of about £1.5 millinn to nonstriking workers who are idle because of the Sunday strikes called by engineers. It was also aimed at seizing the initiative from the strikers, though the effect will still be to leave the nation

day's figures. Thatcher supporters and some MADRID (AP) — Unemployment in Spain reached 1,743,789 in 1981, or 13.57 percent of the counbusiness leaders have recently emphasized the other side of the unemployment unin. Industries forced by the recession in shed labor — with tens of thnusands of workers laid off by each of the big-

**Passes 3-Million Mark** gest private and government-owned firms — have significantly improved their productivity. Workers also have agreed to lower pay raises and called fewer strikes

during the past two years. Industrial output and company profits started to increase at the end of last year, but economic analysts forecast only a modest rise in the gross national product of 1 or 2 percent this year, which means that Britain would still be producing significantly less than when Mrs. Thatcher took office in 1979. Mrs. Thatcher remains under

pressure from many business lead-ers and members of her own party in Parliament to approve spending creases in the next government budget to stimulate the economy. Her Cabinet, which has been deeply divided on this question, meets this week to discuss the budget, which will be presented to Parliament early in March.

The figures showed unemployment to be worst outside relatively prosperous Southeast England around London, with a 16-percent jobless rate in northern England and Wales, 15 percent in Scotland, and nearly 20 percent in Britishruled Northern Ireland.

were preparing to start their seventh stoppage on Wednesday, the management of Britain's stateowned rail system announced the suspension of Sunday services.

without trains.

# Unemployment in Spain

try's active labor force of near 13 million, the National Institute of Employment reported Tuesday.

# Electors Pick Koivisto to Lead Finland

Inauguration Today Of Former Premier

Maurin Koivisto, who was virtually assured a presidential victory af-Tuesday, election officials said.

with 167 votes.

Mr. Koivisto, who will be inaugurated nn Wednesday, won 145 electors in the popular vote on Jan. 17-18 and the promised support of

# Soviet-Finnish Ties

"The anxiety can be relaxed," a leading political source said Mon-day. Finns want to talk more about broad foreign policy and less about the Soviets. With Koivisto, there will be more discussion, more initiatives toward peace and

The Kremlin, which built trade

dealing with Mr. Kekkonen's Center Party but after failing in see its preferred candidate win nomination it resigned itself to the moder-Soviet media hailed his showing

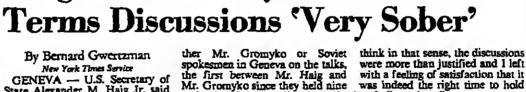
in national voting last week as a

Socialist triumph, but the self-edu-

cated former longshoreman is a

keen monetarist and supporter of a

mixed economy. As expected, the National Coalition Party candidate, Harri Holkeri, received 58 votes. Parliamentary speaker Johannes Virolainen, the candidate of the rurally based Center Party, received 53. The Swedish People's Party candidate, Jan-Magnus Jansson, and Kalevi Kivistoe for the Communists and their allies received 11 votes each. The only woman candidate, Helvi Sipilae, a liberal, received nne vote.



New York Times Service

GENEVA - U.S. Secretary of State Alexander M. Haig Jr. said Tuesday after almost eight hours of talks with Soviet Foreign Minister Andrei A. Gromyko that their differences over Poland "cast a long and dark shadow" over all East-West issues.

In a press conference, Mr. Haig sought to leave the impression that his discussions with Mr. Gromykn were as chilly and confrontational as he and his aides had advised beforehand that they would be.

There seemed to be no agreement on any major issue and Mr. Haig said that be tald the Soviet foreign minister that the United States would not agree to the start of negotiations on strategic arms reduction until "conditions permit" — apparently meaning an improvement in the Polish situation. "All in all, the discussions were very sober," Mr. Haig said.

There was no statement by ei-

INSIDE

# **Airline Tensions**

There is increasing concern that the rapidly deteriorating financial condition of half a dozen major U.S. airlines threatens to force one or more into bankruptcy. Page 11.

# Vietnam Spies

The Vietnam War era's naly convicted spies, caught stealing U.S. documents for the Communists in a classic espionage case, began serving 15-year terms after final appeals failed. Page 3.

and a half hours of discussions in two days in New York last Sep-

# No Further Talks Set

U.S. Secretary of State Haig and Soviet Foreign Minister Gromyko before discussions Tuesday.

Haig Meets Gromyko on Poland,

Those talks launched the negotiations on intermediate range nuclear forces in Europe which cootinuing in Geneva despite Poland and set up this meeting between the two men. But Mr. Haig said that in his murning and afternoon meetings Tuesday with Mr. Gramyko the subject of a possible summit between President Reagan and Leonid I. Brezhnev, the Soviet leader, was not raised, and there were no plans set for another Haig-Gromyko session.

In underscore the seriousness of the talks, Mr. Haig and Mr. Gromyko met alone for the entire meetings — nearly three bours in the morning at the U.S. mission here and five hours at the nearby Soviet missino — accompanie nnly by their interpreters.

Mr. Haig had been under attack for going ahead with the Gromykn meeting in light of Soviet involve-ment in the Polish crackdown, but he repeatedly defended its value. He said the talks were "beneficial" in helping the two sides communi-

Asked if the discussions had improved East-West atmosphere or the ties between the two countries. Mr. Haig said, "I don't think the purpose of the talks was in improve Soviet-American relations or East-West relations in general." "Quite the contrary." he said. They were designed to provide the American side an opportunity to express clearly a number of nur

concerns, primarily our concern

nver the situation in Poland. 1

were more than justified and I left with a feeling of satisfaction that it was indeed the right time to hold such discussions."

The talks, according to Mr. Haig, were "far-ranging" and were quite detailed, and allowed both he and Mr. Gromyko to raise whatever issues they wanted. He said that despite Mr. Gro-myko's statement on Monday that

would refuse to discuss the Polish situation, Poland was discussed in both sessions Tuesday. When asked about this apparent contradiction in Mr. Gromyko's position, Mr. Haig said the Soviet foreign minister emphasized that the crackdown in Poland was that country's internal affair, but that

tion, "Yes, we had a two-sided discussion," Mr. Haig said. [In Bonn, meanwhile, French Prime Minister Pierre Mauroy was qunted Tuesday as saying that the United States bad no right in demand that its allies impose sanctinns against the Soviet Union unless Washington was prepared to make similar sacrifices, Reuters re-

within "the context" of that posi-

[Chancellor Helmut Schmidt said Tuesday in a speech at the Evangelical Church (Lutheran) Academy in Tutzing. West Germany, that the West at the European Security Conference in Madrid should ask the Soviet Union to end the repression in Poland, according to United Press International. The conference reconvenes Feb. 9.]

# France-Italy Traffic Halted

The Associated Press CHAMONIX, France - Road traffic between France and Italy through the Mont Blanc and Frejus tunnels was halted Tuesday by a work-to-rule strike of French

### WARSAW - Polish parliament has voted with almost no dissent to legalize the martial law regulations cluding their whereabonts."

imposed more than six weeks ago, The vote Monday night in the Sejm, or parliament, was held after six bours of debate. It gave formal legal status for the first time to the four main martial law decrees and

saw radio said. Two nnn-Communist Party members were jeered for voting against the measures, put before the first parliament session since the Polisb premier, Gen. Wejciech Jaruzelski, announced the military takeover on Dec. 13.

the rules passed under them, War-

In another development, the International Committee of the Red Cross reported Tuesday in Geneva that Poland has allowed Red Cross delegates to visit prisoners de-tained under martial law rules. The move was imprecedented among Communist Eastern European countries.

# Almost 500 Prisoners Seen

The Red Cross communique said that delegates of the humanitarian agency interviewed almost 500 prisoners at two camps on Friday and Sunday. It said the delegates distributed 525 kits with toi-

letries and personal articles. The resolution passed in the Pol-ish parliament Monday night singled out the United States for its opposition to the declaration of

"The Sejm of the Polish People's Republic expresses deep concern over the ventures made by the government of the United States of America, which hit out at the traditional friendship between our na-tions," the resolution said. It denounced what it called U.S. "economic restrictions, political black-mail and the flagrant attempts to interfere in Poland's internal af-

# **Moderation Promised**

The resolution said military rule ought not to last longer than necessary. The restrictions of civic freedoms and normal conditions of life arising from martial law nught to be gradually moderated." The two members of parliament

who voted against the ratification of martial law were Janusz Za-blocki, of the Polish Catholic-Social Union, and Karol Maleuzvnski, an independent. Mr. Zablocki. whose party has five seats in the 450-member parliament, strongly criticized the vote in a lengthy address to the hody Monday night.

He also alleged official pressure on workers to resign from Solidarity, the independent union federation, and to sign statements of lovalty to the authorities. "They are asked to sign various declarations under the threat of losing their jobs," he said. "This is happening not only in ministries, central offices and the administration, but also in law courts and the prosecutor's affice, in the journalistic community and in certain scholarly in-

Meanwhile, as Warsaw radio vas reporting the parliament vote. 27 priminent academics, artists and journalists delivered a petition Tuesday to Justice Minister Sylwester Zawadzki that demanded martial law be ended, a signer

"We demand an immediate end it was ready to take a thugh politito the beating, mistreatment and

harassment of people deprived of their freedom," the petition said, "We call for the issuance of a full list of internees and arrestees, in-

He said that pressures on uninn members were causing as much confusion about the country's fu-In another development, Gen.

Jaruzelski announced Tuesday the replacement of twn ministers, Warsaw Radio reported. Stanislaw Bejger, who had held the maritime econnmy portfnlio, was succeeded by Jerzy Korzonek, his deputy. Jerzy Nawrocki, the former science minister, was replaced by Benon Miskiewicz, rector of Poznan University.

The report, monitored by the British Broadcasting Corp. in Lon-don, said the changes had been approved by parliament.

Gen. Jaruzelski said Mr. Bejger was being switched because he had been nominated first secretary of the Gdansk provincial Communist Party committee.

The BBC report said Mr. Nawrocki resigned on Dec. 19, six days after Gen. Jaruzelski imposed martial law. No other details were

# France Delays **EEC Vote on Soviet Credit**

BRUSSELS - French concern about damage to its exports unexpectedly delayed plans for a harder West European line on credit to the Soviet Union, diplomatic sources said Tuesday.

The 10 member states of the European Economic Community were to have decided at a ministerial meeting Tuesday on a proposal for more expensive credit for the Soviet Union from Western indus-

trial states. The proposal, designed to emphasize Western anger at Moscow's alleged involvement in the Polish crisis, was agreed to informally by nine of the 10 foreign ministers Monday. Greece objected to the proposal.

# Waiting for Clearance

Greece was expected to be outvoted Tuesday, allowing a jnint EEC proposal to be made by other Western states. But a formal vote was unexpectedly delayed, as French nificials tried to get clearance from their Finance Ministry because of the impact that such a move could have on French

exports in the Soviet Union. The delay was the latest example of the difficulties that Western Europe faces in striving to maintain a firm front of disapproval at Soviet pressures on Poland, while at the same time safeguarding domestic

commercial interests. Despite calls from the United States for a tough stand against the Soviet Union, including sanctions and other elear indications of disapproval, the EEC has failed to

take any concrete measures. Diplomatic sources said France now faced the question of whether

(Continued on Page 2, Col. 5)

# A Loyalist's Lament: 'How Many Times Can One Believe All Over Again?'

New York Times Service WARSAW - The letter began "Comrade Secretary," and it got right to the point. "I hereby return my party card," wrote Taduesz Lomnicki, the country's foremost actor, who for 30 years had been a party member, rising to the heights of the Central Committee. He went on to say, "I can't do anything else."

The letter is a cry of conscience. Mr. Lomnicki described his 30 years of work in the

party, his belief in the ideals of Socialism and justice that he clung to through the years of Stalinism, the hopes aroused by the 1956 rise of Wladyslaw Gomulka, the "betrayal" of that hope in Mr. Gomulka's later years, the anti-intellectual purges of 1968, the stag-nation of the 1970s. Then came the "renewal" of Solidarity, and Mr. Lomnicki's faith in "a chance for Socialism in Poland" was re-

"Right now, 15 months from that time, 1 do not find any internal justification for maintaining that position, for I have lost hope in the purpose of all action," he wrote. "How many times can one believe all over

Mr. Lomnicki is not alone. Thousands of loyal party members are turning in their party cards. In some factories, according to sources, entire baskets are filled with the

Mass resignation is only one symptom of distress in the Polish United Workers' (Communist) Party. Another is the call, surfacing

From Agency Disputches
LONDON — No European tele-

vision networks have decided firmly to show the planned U.S. televi-

sion special on Poland this Sun-

day, a United Press International

Henry B. Ryan, a spokesman for the U.S. government-funded Inter-

national Communications Agency

(ICA), which is producing the program, said it is being offered free to other countries by satellite, but

The program cannot even be

so far there have been few takers.

shown in the United States with-

out congressional approval. The ICA is seeking a joint congression-

al resolution waiving a law that bars U.S. showing of programs produced by the government for

"We're definitely not using it," said a spokeswoman for ITV, Brit-ain's commercial network. David

Plowright, chairman of ITV's plan-

ning committee, said there were

"serious implications about the

transmission of a program com-

piled by any government commu-

survey showed Tuesday.

from time to time in the tightly controlled media, for purges and a return to the "purity" of Marxism-Leninism — unmistakable hints that an ideological struggle is under way in the party hierarchy.

Observers find it noteworthy that six weeks after the Dec. 13 imposition of martial law the party's Central Committee still has not met. This is regarded both as a sign of its impotence and as proof that the factionalism characteristic of the Polish crisis for the last 16 months have not disappeared.

"The evident disarray in the party raises obvious problems for the military," a Western observer said. "At some point the army will have to retreat to the barracks and hand power back over to civilians. Who will they hand it to?

Throughout the country, special groups are being set up called "civic committees of national redemption." One newspaper, Dzienik Ludowy, run by the Communist-affiliated Peasants' Party, said last Wednesday that "only a dozen days ago there were very few of them, today they number in the thou-

The newspaper called the committees, intended to support the military takeover, "a spontaneous initiative" and said they represented "an expression of the social intention to support all the forces which want to build, create and change for the better the compli-cated and difficult situation of today." The intent behind the establishment of the

Europeans Balk at Airing U.S. Poland Show

nications agency." He called it "a Charlton Heston, Kirk Douglas. bizarre idea." Many Furonean commentate

Many European commentators
A representative of the state- have been hostile to the idea.

committees is unclear. Some observers regard it as an attempt to rebuild the party under a different name. Others believe the committees could grow into rivals of local party organizations.

A government official, who said his information came from reliable party sources, said Saturday that in a one-month period after the imposition of martial law, 17,000 cards had been returned. He said the party was now conducting a purge to "clean out all the people who are wavering" and that so far 4,500 members had been expelled. An additional 24,000 people have been crossed off party lists, a lesser penalty that can be re-versed later, he said.

The official said that 150 party organizations had been dissolved, among them party units at the Huta Katowice steel mill, the Elwro factory in Wroclaw and Lublin Uni-

On Dec. 13 there were 2.75 million members, far below the level of 3.2 million reached two years ago. But among those 2.75 million only about one-quarter were truly ac-tive, the official said.

The official summed up the party leader-ship's assessment of the situation as follows: "A shock occurred after Dec. 13. But the activists soon understood that this is a chance to rebuild the party. There is a chance that the party can consolidate itself and come out with a program that is popular."

reaction to the news of this show

was incredulity. A second reaction...was to sigh and mur-mur that only in the U.S. would

quite such a vulgar spectacle be

He added that the Poles "may

conceivably take the view that their agony is not an occasion for

showbiz razzmatazz. As for the

Kremlin, it is a safe bet that the

show will cause more amusement

A statement by Charles Z. Wick, head of the ICA, drew comment

from West Germany's conservative

Die Welt. Mr. Wick, who was

largely responsible for initiating

the program, said it would be "probably the biggest show in the history of the world."

"The word 'show' frightens Europeans, especially in politics," Die Welt said. "And when it's a question of the 'greatest show in the world,' then that mocking dis-

tance that thinks it knows all and

does nothing wins the upper

than alarm."

# Italian Parties Back Stand by Communists

Defiance of Moscow Could Aid Berlinguer

ROME - Leaders of Italy's main government parties Tuesday rallied behind a defiant Communist Party in its quarrel with Mos-

Political strategists, meanwhile, were weighing likely gains for Enrico Berlinguer, the Communist Party secretary, whose party has been kept out of the government since 1948.

An unsigned article in the party newspaper, L'Unita, accused the Kremlin of intolerance, misrepresentation and arrogance in rejecting Mr. Berlinguer's support for Solidarity, the independent Polish union.

The article rejected the guiding

role of the Soviet Union and termed the suppression of Solidar-ity a hlow against the overwhelming majority of the Polish working class. It was responding to an edi-torial on Sunday in Pravda, the Soviet Communist Party newspaper, that had crinicized the Italian party

stand on Poland. The L'Unita article said that Moscov was incapable of self-crit-icism and mable to learn from past mistakes. The Kremlin also ruled out the possibility of rational debate by suppressing every voice of dissent, the article added.

### Stand Applanded

East Germany's leadership on Tuesday echoed the attacks on the Italian Communists in Pravda. Meanwhile. Italian politicians

pplauded L'Unita's stand. Bettino Craxi, the Socialist Party leader, said, "We give our backing to the criticisms expressed by the Central Committee of the Italian Communist Party, which have been, and are far the most part,

Flaminio Piccoli, the Christian Democratic Party secretary, added, "This is an episode the importance of which cannot be belit-tled." The dominant Christian Democrats and the Socialists are the two main members of the fiveparty coalinon headed by Republi-

can Premier Giovanni Spadolini. Christian Democrats have vetoed any inclusion of Communists in the government, while the Socialists under Mr. Craxi have sought to distance themselves from a Communist Party that is at least nominally aligned with Moscow.

### Dropped in 1948

The Christian Democrats edged the Communists out of the ruling postwar coalition in 1948. Since then, despite controlling

many major cities, the nearest the Communists have come to power was a 30-month experiment in passive support for minority Christian Democratic administrations in 1978 and 1979.

However, the experiment, the "historical compromise," brought the Communists no gains and ended with a rightward shift in the Christian Democratic Party.

# France Delays EEC Decision On Tightening Soviet Credit

The proposal to tighten export credit to Moscow would require the approval of all Western industrial states, in the framework of the Paris-based Organisation for Eco-

It would involve upgrading the Soviet Union to the category of advanced industrial state, instead of intermediate state as at present. This would mean a rise in interest rates to 11 percent from 10.5 for loans from two to live years and to 11.25 percent from 11 for loans

The move could have important consequences for a 25-year gas supply contract that France signed

promises " According to Tuesday's issue of the influential and semiofficial newspaper, Al Ahram, Mr. Mu-barak has already imposed an austerity policy on the govern-ment. The newspaper reported that Mr. Mubarak has ordered a

ine, honest and without hiding anything from the people and without exaggerating hopes and

NEW YEAR DAZZLE - Five tons of fireworks were launched from three barges in Hong

Kong's harbor Monday night to mark the beginning of the Year of the Dog. Radio stations played classical music in synchronization with the 20-minute display, which cost \$172,000.

Mubarak Says Economic Reform

Requires Sacrifice by Egyptians

cessation of the lavish annual Oct. 6 military parade, the one at which Sadat was slain, and has ear-marked the funds for the event for such things as military housing. In addition, Al Ahram said that Mr. Mubarak had decided to can-

said new steps must be taken withcel the huge festivities planned by in "a social framework that is quite Sadat for Inte April, when Egypt is scheduled to receive the last part "Egypt belongs to all the peo-ple," Mr. Mubarak said, "and so of the vast Sinai peninsula from Israel, which captured it during the wealth of this country should 1967 war. Instead, the newspaper not be restricted to a privileged said, there would be restrained obfew, nor should the grass roots be shouldering beyond what they can servances in Sinai's provincial cap-ital of El Arish, and in the Egyp-tian parliament in Cairo.

Other austerity measures call for The focus of Mr. Mubarak's nafewer cars for government ministional talk, the fifth since he came tries and for entertaining official foreign guests less extravagantly than has been the custom. President Anwar Sadat Oct. 6, was that economie change involved

On Saturday, Mr. Mubarak leaves Egypt for state visits — his first as Egypt's president — to Rome, Paris, Washington, London and Bonn. He told his audience Tuesday that Egypt's efforts at

said would not be "academic or theoretical," would rest in part or a foreign policy that "safeguard: the stability of Egypt."

"We are dealing with all coun tries with an open heart," he said reaffirming Egypt's commitment to a policy of nonalignment.

"The people of Egypt are a gen uine Arabic and African people," he said. "We are committed to the Third World countries."

Mr. Mubarak alluded only briefly to Egypt's peace treaty with Is-rael, saying his goal was to expand. the scope of peace agreements in the Middle East.

Referring to efforts to establish a form of self-rule for the Palestini an Arabs of the Israeli-occupied West Bank of the Jordan River and the Gaza Strip. Mr. Mubarak said: "Foremost comes the people of Palestine, who have the right of self-determination."

The autonomy issue, on which Israel and Egypt have been unable to agree, is the subject of a visit here on Thursday by U.S. Secretary of State Alexander M. Haig . It will be Mr. Haig's second visthis month to Egypt and Israel to try to generate some momentum in the Egyptian-Israeli autonomy talks, which have proceeded sporadically for two and a half years without discernible progress.

# Mikhail Suslov, 79, the Kremlin's Top Ideologist, Is Dead

(Continued from Page 1)

the 1934 congress of the Soviet party, 1,108 were arrested and van-ished from public life. Seventy percent of the members of the Central Committee were shot.

Mr. Suslov became a full member of the Central Committee of the Soviet party in 1941. Ever since, he has been member of the policy-making body, and was promoted to the post of secretary of the Central Committee in 1947, a joh he never relinquished. Before his elevation in 1952 to the Polithuro (it was known as the Presidium at the time), Mr. Suslov helped re-establish Soviet rule in Lithuania and became the main assistant to A.A. Zhdanov during the harsh ideological campaign against "cosmopolitans" and "toadies" "cosmopolitans" and that carried an anti-Semitie slant.

After Zhdanov's death in 1948. the entire ideological apparat of the Central Committee was con-centrated in Mr. Suslov's hands. For a year he was the editor in chief of Pravda and the main pro-

ponent of the Stalinist party line. According to Khrushchev, one day after Stalin's death in 1953, all inexperienced members of the Politburo including Mr. Suslov were expelled, although Mr. Suslov retained his other posts. Within a year, however, Mr. Suslov was back in charge of ideology. The politically forceful Khrushchev was helpless in theoretical matters and he needed Mr. Suslov to pro-

owned British Broadcasting Corp. said: "We'll wait until it has been made and see what it contains, and

then we'll decide whether to screen

works plan to record the program

and decide later whether to air it,

Spokesmen for West Germany's two state-run TV networks said

they planned to show only ex-

Be Poland," will feature President

Reagan, British Prime Minister

Margaret Thatcher, West German

Chancellor Helmut Schmidt, the

premiers of Belgium, Canada,

Norway and Portugal, and the for-

eign minister of Luxembourg. Aus-

tralian, Turkish and Italian offi-

There will be tapes of "Solidar-

ity Day" rallies around the world, .

and appearances by Frank Sinatra, Barbra Streisand, Orson Welles,

cials are also scheduled to partici-

The one-hour show, "Let Poland

Italian, Swiss and Austrian net-

Since then, Mr. Suslov's ascengroup of Old Bolsheviks in 1957. Seven years later, Mr. Suslov played n key role in removing Khrushchev himself for "adventurism" at home and abroad.

GENEVA - Five Chinese offi-

cials on Tuesday ended an airport

sit-in and flew home when Switzer-

land refused to hand back an inter-

preter who asked for political

The group camped out at Gene-

vas Cointrin airport for two days demanding the return of their de-

fecting companion and refusing to

The defector locked himself into

the toilet of a Swissair plane before

it landed Sunday in Athens from

Khartoum where the group had been based. He refused to come

out and change flights for Peking

on the same plane to Geneva.

There are fears that the inclusion

of entertainers will trivialize the

Polish crisis, and arguments that the program will prove politically ineffectual in helping the Polish

Talk About the Pope

in Polish, Miss Streisand will sing "Let Me Lament," Mr. Douglas will show a film of a Polish movie

school and Mr. Welles will read

documents about freedom. The

program is to be presented by Mr.

Heston, who reportedly will talk

The politicians are due to make

brief recorded statements. Mrs.

Thatcher, for example, will repeat

demands voiced in n recent NATO

communiqué, according to her London office.

Describing the program as "tasteless," the political commen-

tator Andrew Alexander wrote in does London's Daily Mail; "One's first hand,"

about Pope John Paul II.

Mr. Sinatra reportedly will sing

speeches to emphasize that the cur-

rent leadership is a collective one despite Mr. Brezhnev's prominent

5 Chinese Aides End Sit-In as Swiss Refuse to Return Defecting Colleague

transit lounge on arrival and police had to move in to separate them. The Peking government inter-

preter, who was not identified by police, requested political asylum.

He has the right to be protected

Lisbon Confident on Joining EEC mistic it can complete tough nego-tations to enter the European Eco-

and the five others stayed on board as well. So all six continued The officials, accompanying Premier Francisco Pinto Balsemão The Chinese tried to force their on a visit here, said Lisbon is defecting companion to stay in the pleased with a new timetable for

It was said here that Mr. Suslov role, In 1977, when Mr. Brezhnev vide ideological justifications for had declined an offer to become expanded his power by assuming destruction of the Stalin cult. the party's first secretary in 1964 the role of chief of state, it was Mr. had, instead, advanced the Suslov who offered a motion to dency in Soviet politics proceeded candidacy of Mr. Brezhnev. In that effect Last December, when without interruption. He helped doing so, Mr. Suslov settled for the Mr. Brezhnev was awarded anoth-second spot in the party.

hand in the recent Moscow policies toward Afghanistan and Poland. He is generally believed to have been a hard-liner on foreign

campaign against Yugoslavia in 1948 and to have held out for a tough line against the Chinese during attempts in the late 1950s to heal the Moscow-Peking rift.

Yet little is known of his personal views or his personal life. He shanned contacts with Westerners since they were "our class ene-

negotations agreed with the president of the EEC Commission,

Lisbon also hopes potential

problems over Spain's accession to the community, scheduled for the

same date, January, 1984, will not

delay Portugal's entry, they said. The date was coincidental, and

Portuguese membership was not

dependent on Spanish accession,

Gaston Thorn.

BRUSSELS - Portugal is optinomic Community by the end of this year, senior Portuguese officials said Tuesday.

In the last 17 years, Mr. Suslov birthday, it was Mr. Suslov who had taken pains in his public presented it and made a speech. Students of the Kremlin saw his

He is known to have led the

### (Continued from Page 1) cal stand that might hurt its commercial interests.

nomic Cooperation and Develop-

from five to eight and a half years.

with the Soviet Union Saturday.

By William E. Farrell

New York Times Service

barak said Tuesday that his prima-ry goal of economic reform would require individual sacrifice from

the Egyptian people and cautioned

officials of his party not to under-

mine the government's credibility by "exaggerating hopes and prom-

on national television, Mr. Mu-

barak, who was rounnely elected head of the ruling National Demo-cratic Party on Tuesday, dwelled

on Egypt's faltering economy and

Austerity and Security

to power after the assassination of

We would not like any of those

big leaps," the president said, "but a gradual and cautious develop-

ment for a maximum rate of

growth."

The government cannot alone
"The government cannot alone

perform miracles." he said. "There

In mid-Fehruary, he said, the

would meet to formulate a five-

year plan for Egypt. Mr. Mubarak said the nation's politicians should

ensure that such a plan is "genu-

should be genuine mass sharing."

austerity and security.

In a sobering half-hour address

CAIRO - President Hosni Mu-

The deal is expected to involve equipment sales for the pipeline by French and other West European

Spanish-Soviet Gas Talks MADRID (AP) - Industry

Ministry sources said Tuesday that Spain has asked the Soviet Union for conditions for the supply of 2 hillion to 3 hillion cubic meters a year of Siberian gas.

Gas represents 2 percent of Spain's energy consumption. In-dustry Ministry plans foresee in-creasing that to 7 percent in the next twn years. The sources said that if an agreement was reached with the Soviet Union, the contract should provide a supply at least 2 hillion cubic meters a year for no

unwillingess to embargo sales of feed grains and wheat, the largest

ringle item in U.S.-Soviet trade.

Throughout Europe, top government officials, including West Germany's Helmut Schmidt and

France's François Mitterrand, reg-

ularly remind questioners that as long as President Reagan does not act on food exports, Europe will nut move on industrial products.

"Why should we cut off our most important trade item when

you don't," a top French official

emphasize that Mr. Reagan is still

considering using the food weapon

against the Soviet Union. But they

also note that record world pro-

duction of grains last year in non-

Communist countries was creating

new pressures among the major

producers - the United States,

to sell more aggressively.

Indeed, the Russians appear to be putting out the message that despite substantial crop failures last

year, they do not want to buy any

more grain from the West for the

time being, primarily because of

ample supplies outside Russia and

Exportkhleb, the Soviet grains pur-

chasing agency, recently told Business Week magazine: "If we were

going to huy any more [grain] in the foreseeable future, it would be

only a limited quantity. Right now,

we have bought all that four gov-ernment agencies] have asked for."

Viktor I. Pershin, chairman of

congestion in Soviet ports.

Canada, Australia and France

Washington officials regularly

# On Monday, the Knesset adopted 45 to 40 a nonhinding resolution

The Knesset voted 55 to 52, with 13 members absent, to defeat the opposition Labor Party measure based, in part, on what Labor leaders called a scandal in the proposed payment of \$270 million in compense non to settlers who are to be evacuated when Israel completes its with drawal from the Sinai in April.

WORLD NEWS BRIEFS

Washington Past Service

JERUSALEM - Prime Minister Menachem Begin's Likud coalition

turned back a vote of no confidence Tuesday stemming from the govern-

ment's handling of the evacuation of Jewish settlers from the Sinai pen-

Begin Wins Vote Over Sinai Settlers

condemning the government's handling of the evacuation and calling for a law that would fix the rate of compensation.

# Nimeiri Purges Party Leadership

KHARTOUM, Sudan - President Gaafar Nimeiri has fired his first vice president and dismissed the leadership of Sudan's only legal political party, the official Sudanese news agency reported.

No explanation was provided with the announcement Monday of the departure of the vice president. Gen. Abdel Magid Hamid Khalil. Gen. Khalil also was stripped of his posts of defense minister and secretary-

general of the Sudanese Socialist Union party.

Mr. Nimeiri, president of that party, assumed the Defense Ministry portfolio, the report said. Earlier Monday, Mr. Nimeiri also disbanded the party's Central Committee and Politburo, the news agency reported. He accused the party's leadership of failing to counter recent anti-goverament demonstrations sparked by his economic austerity program, the

### Ethiopia Begins Offensive in Eritrea The Associated Press

NAIROBI - Ethiopia has launched a new major offensive to wipe or NAIROBI — Ethiopia has launched a new major offensive to wape of secessionists in Eritrea, the Ethiopian news agency reported Tuesday.

An agency report seen here said the Ethiopian leader, Lt. Col. Hail-Miriam Mengistu, announced the "multifaceted revolutionary cam paign" in a speech Monday in the Eritrean capital of Asmara, I was the first official announcement that a military offensive is under way to seize the official announcement that a military offensive is under way to seize the official announcement that a military offensive is under way to seize the official announcement of the o

the remaining secessionist strongholds in strategically important Eritres.

Col. Mengistu gave no military details of the eampaign. But Western diplomatic sources reached in Addis Ababa said Ethiopia has reinforced. its 80,000 to 90,000 troops in Eritrea with 30,000 men. Diplomats esti mate that the rebels number about 8,000 to 10,000.

### N. Korea Urges U.S. Troop Pullout The Associated Press

TOKYO — Kim II. vice president of North Korea, called Tuesday fo the withdrawal of U.S. troops from South Korea to clear the "main nbstacle" to reumification, while rejecting Seoul's proposal for a join constitution and general elections.

Mr. Kim, in a broadcast speech monitored in Tokyo, said South Kore an President Chun Doo Hwan's call Friday for the two sides to organize a conference to draft a constitution as a step toward uniting Kore cannot be considered a proposal warthy of any positive significance."

Mr. Chun's call for general elections was unrealistic "while leaving foreign troops and maintaining a military fascist system in South Korea," Mr. Kim said. Withdrawal of U.S. troops, the democratization of South Korea and an end to anti-Communist policy must precede reunifi

# Hanoi Role in Indochina Talks Seen

United Press International MANILA -- Willibald Pahr, chairman of the United Nations Confe ence on Cambodia, said Tuesday that Vietnam might participate in the gotiations for a political solution in Indochina if "careful steps" were adopted by negotiators.

Mr. Pahr, the Austrian foreign minister, said no new proposals to en the Cambodian conflict have arisen during his visit to the Philippines ( Singapore. But be said, "one should continue the way directed to negot ations with all parties concerned," which the UN conference began las

That conference formed an ad hoc committee under the chairmanshi of Senegal, be said, "to find ways and means to initiate such a dialogubecause what we wanted was a negotiated solution. A negotiated solt tion is possible only if there are negotiations with all the parties," be sai in allusion to Vietnam, which has refused to negotiate.

### West Europeans Find Trade With Russia Too Profitable to Renounce been reliably estimated at between 100,000 and 300,000. According to This is the last of a three-part se- quite apart from our commitment West's favor at an annual rate last considerable self-righteousness — invariably cite Washington's

By Axel Krause

nal Herald Tribune PARIS — The underlying reason for the Western allies' rejection last week of the Reagan administration's call for a clampdown on industrial cooperation with the So-viet Union is strikingly simple — West European nations and Japan cannot afford to give up what has become a growing, profitable and increasingly compenitive business employing hundreds of thousands

"Of course, we were ready to agree with the Americans about limiting military-related sales to Russia, but certainly not on commercial contracts, such as the Siherian pipeline and other, smaller deals," said a senior European official. The official participated in a two-day meeting of NATO countries held in Paris under the auspices of the Control Committee on Trade with Com-

munist Nations (COCOM). Several days after the COCOM meeting, France announced it was joining West Germany in signing contracts with the Soviet Union for the delivery of large supplies of Siberian natural gas starting in two years — a project Washington has been seeking to block or at least

slow down.

There is simply too much recession and unemployment in Europe ... any curback would represent new costs that government cannot afford right now - in everything from steelmaking to machine tools,

to diversifying energy supplies," the official added.

Trade between the Soviet Union plus its six East European allies and the Western industrialized na-tions rose to more than \$90 billion during 1930, with the Russians ac-counting for over half of the total. Of that amount, high technology products, such as computers, machine tools and scientific measur-

ing equipment, made up roughly percent, according to recent Western assessments.

An estimated 45 percent of the total East-West trade volume, according to the analysts, is mediumlevel technology, such as equip-ment used in making cars, trucks and chemicals, while the remaining 45 percent covers literally thou-

sands of nunsophisticated categories, including farm products.

According to preliminary estimates of the United Nations Economic Commission for Europe, in Geneva, which closely monitors East-West trade, the overall trade growth between the two areas stagated last year and will probably

fall during 1982. "There are many reasons for the downturn," a French banker com-mented, "but the main conclusion one can draw is this - it will mean tougher competition to sell in the Eastern bloc, particularly in the in-dustrial field."

The main reason for the slowdown in trade is the recession in the West, which has reduced exports from Communist countries. primarily commodities plus Soviet analysts say. The estimated trade oil and natural gas. The Soviet

share totaled roughly \$14 billion in 1980, accounting for 55 percent of total Soviet exports to the West. But the Soviet Union and East European nations also are now be-

caused major cutbacks in output targets for next year.
"Given the fact there are no signs of economic reforms anywhere in the East bloc, it looks grim," a senior UN analyst said.
"In fact, growth prinspects throughout Eastern Europe and in Russia are much lower today than at any time since the 1970s."

ginning to feel the impact of wors-ening recession at home, which has

According to the agency's latest compilations, the Soviet Union is projecting a 3-percent GNP growth rate this year compared with a planned 3.4-percent growth last year. In reality, Soviet growth averaged around 2.8 percent, ac-

cording to UN estimates. East European growth rates will rise an average of 2.5 percent during 1982, which is the same level as what had been planned for 1981. according to the estimates.

Polish Rate Fell Sharply In reality, East European GNP growth barely averaged around l percent last year, according to the United Nations, mainly because of Poland. "A disaster, since Poland's GNP fell by at least 15 percent," said an analyst, adding, "There is no plan that we know of for 1982."

The trade flow, which has quin-

tupled over the past five years, has worked to the West's advantage,

balance rose to \$7.5 billion in the

year, compared with a balance of \$3.1 billion in 1980 and \$6.6 billion the year earlier. The current-account balance looks even better, analysts say. The UN figures show that the West's

surplus with Eastern Europe and Soviet Union totaled roughly \$12.5 billion last year, an increase of roughly \$7 billion over the 1980 level. The increase was primarily generated by interest payments on the East-hloc debt with Western creditors, which rose to \$8 billion

last year.
"These are substantial amounts and provide one key reason why European bankers are reluctant to speak out on sanctioning the Soviets — the debt may be growing, but the interest payments are still coming in," a senior U.S. official

Although analysts say it is difficult to quantify, job dependency is another underlying factor in sus-taining West European and Japanese efforts to sell to Eastern Europe and the Soviet Union. Some estimates have put the total number of jobs that depend on such exports in North America, Europe and Japan at well over a million.

a large number considering that the area's 8-percent unemployment rate, for example, totals 28.5 mil-lion persons. But in specific indus-ries and regions hard hit by recession, the impact can be important. In West Germany, the Eastbloc's largest trading partner

Taken out of context, that is not

industry estimates, the German Mannesmann group is selling al-most 60 percent of its steel tubing to the Russians and Eastern Europe and the percentage will increase as the construction of the Siberian pipeline the company is helping equip gets under way.
Other steel products and ma-chine tools account for between 40 percent and 60 percent of the ex-ports of some other German companies to the area, according to the

estimates. In France, tens of thousands of jobs depend on East-West trade. according to conservative government estimates. French contrac-tors have already signed 6.3 billion francs (\$1.05 billion) in contracts with the Soviet Union for equipping the pipeline, but now that the gas delivery contracts have been signed, the total is expected to go higher — possibly to 10 billion

francs. Western Dependence'

Since the 1930s, Soviet leaders have been pointing to trade figures as proof of "Western dependence" and have not hesitated to menace Europe with the consequences of a cutoff. Earlier this month, Soviet Trade Minister Nikolai Patolichev. writing in Pravda, said that "experience shows it is easier to demolish trade relations than to build them up again."

When explaining their reluctance to back the Reagan adminisamong industrialized nations, jobs tration in embargoing nonstrategic created by East-West trade have trade, European officials - with

1010150

Krall was given a letter for Mr. Truong in early 1977 by Viet-

namese close in their country's

With President Carter's personal

approval, the letter was opened by U.S. counterintelligence officers.

On the strength of its contents -

Mr. Cummings said it contained

instructions on further informa-

tion-gathering - a wiretap was

placed on Mr. Truong's telephone.

And that, in turn, led to Mr. Hum-

Mrs. Krall, the wife of an Ameri-

can naval officer, would not agree

to testify at the trial until ques-

tinns of her espionage pay were re-solved. She has left the Washing-

ton area and was unavailable for

war in miniature," Mr. Truong added. "The CIA, which was run-

ning her, had an agent that was, in every sense of the word, greedy for money, and the agent basically de-

This is just like a rerun of the

The Justice Department said

negotiators in Paris.

### **Dole Seeks to Raise** Vietnam-Era Espionage Thriller \$8-Billion Revenue by Ends for Pair in U.S. Jail Terms Tighter Minimum Tax rants, including videotape cameras hidden in the ceilings at USIA.

By Edward Cowan New York Times Service
WASHINGTON — Bob Dole,

chairman of the Senate Finance Committee, is drafting legislation that would raise \$8 billion a year of revenues by strengthening the present minimum taxes paid by corporations and individuals, committee aides reported.

Sen. Dole, Republican of Kansas, is understood in feel that the legislation would be an effective way for President Reagan and the Republican Party to respond to criticism that the 1981 tax bill gave excessive tax relief to business and wealthy individuals. The addi-

# Court Eases Rules for Ads By Lawyers

By Fred Barbash Washington Post Service
WASHINGTON — The Supreme Court has struck down tight restrictions on advertising by law-yers, freeing all the professions for

promotional campaigns more com-parable to ordinary business advertising.
The justices on Monday upanimously declared unconstitutional Missouri's advertising rules, which are similar in many respects to those in more than 38 states. The Missouri restrictions banned mass Ana, mail advertising and dictated the

the exact words lawyers could use to describe their qualifications in ads. The rules were challenged by a lawyer disciplined under those rules for advertising himself as a personal-injury lawyer instead

of a "tort" lawyer. No one challenged the truthfulness of the claims. Justice Lewis Powell wrote for the court, and restrictions are appropriate only when primarily intended to prevent deception or false advertising.

The lawyer involved in Mon-day's case was identified only by the initials R.M.J. He was a former Securities and Exchange Commission attorney, took out ads in newspapers and yellow pages and sent out a mailing after he moved to St. Louis in 1977.

In the process he hroke several Missouri rules. The Missouri rules required lawyers to confine descriptions of their specialties to pre-determined categories. The rules said a lawyer could call him-"family law" or "property law."
This lawyer, instead, used the terms "divorce-separation" and "real estate" in his ads.

The rules prohibited a listing of censed to practice. The Missouri lawyer, living near the Illinoisself as licensed to practice in Missouri and Illinois and, in bold letters, stated that he was admitted to practice before the U.S. Supreme

In addition, be was charged with mailing announcements of his practice to persons "other than lawyers, clients, former clients, personal friends and relatives" in violation of Missouri rules.

The Missouri State Supreme Court upheld a reprimand for these violations. Justice Powell's ruling Monday reversed that ac-

In another action the court, in a ruling further limiting the powers of federal judges to interfere with state court criminal proceedings, voted 6-to-3 to reinstate the conviction of a former New York policeman charged with murdering a pump and a prostitute.

The jury's verdict had been reversed in the federal courts be-cause the prosecutors failed to disclose that one juror, during the trial, had applied for a job in their office. The lower courts said the juror might have been prompted to vote to convict the defendant in order to get the job, and the pro-secutors should have disclosed the

application during the trial.

Justice William R. Rehnquist. writing for the majority, said juror prejudice must be "actual," not simply assumed or "imputed" as it

# Court Sentences Japan Executives In Lockheed Case

From Agency Dispatches TOKYO - A district court convicted six current or former executives of All Nippon Airways Tues-day in the Lockheed payoffs scan-

The six were given suspended jail sentences ranging from six months to three years. They are among 16 persons who have been accused in the payoffs case, including former Premier Kakuei Tana-ka, who is charged with receiving a \$1.7-million bribe from the U.S. aircraft company to promote the

sale of its aircraft in Japan. The court found Tokuji Wakasa, 67, chairman of the domestic airline, guilty of violating foreign exchange law and perjuring himself before Japan's parliament by denying that a secret fund was created with money received from Lockheed Corp. Mr. Wakasa

received a three-year suspended iail sentence The verdict did not directly concern Mr. Tanaka, who has retained considerable political power since resigning as premier in 1974 in response to a separate financial scandal, but the court decision was widely regarded as a setback for him. His trial in the Lockheed case is expected to continue for some

tional revenues would also help to shrink future budget deficits. The administration was reported

bave indicated to Sen. Howard H. Baker Jr., the Senate majority leader, that it would not oppose outright a stronger minimum tax on corporate income. Sen. Baker expressed support for such a tax during the weekend. Exactly how the administration would line up on a stronger minimum tax for individuals was unclear,

Senate aides said that the legislation being drafted would raise about \$6 billion from corporations and \$2 billion from individuals. The present minimum tax raised \$400 million from corporations in 1979 and roughly \$1 billion from individuals, the aides said.

If Sen. Dole can persuade his committee and the Senate to approve such a bill, acceptance by the Democratic-controlled House of Representatives would appear certain. Presumably the Senate-passed bill would be one that the administration could accept.

Business would almost surely

oppose some aspects of the bill. but how broad and intense that opposition would be was unclear. Charls E. Walker, a leading business tax lobbyist, said Monday night that he was unaware of the details. Mr. Walker and his chief ally in the Treasury, undersecre-tary Norman B. Ture, have argued in the past that increased corpo-rate taxes are ultimately paid by the company's customers, employees and shareholders.

Richard W. Rahn, chief economist of the U.S. Chamber of Commerce, said it was likely that the chamber would oppose any such bill because its policy this year is to oppose any tax increase of any kind. The Dole bill would, in effect, put a floor under some of the generous tax breaks for business enacted in the 1981 tax bill.

The Treasury has calculated that the 1981 act will reduce corporate tax payments by steadily growing amounts. By 1986, the Treasury told Congress last month, corporations will pay \$69 billion under the 1981 act whereas under old law they would owe \$122 hillion.

### 'Alternative Tax'

The minimum tax, aides said, would be an "alternative tax" to be paid if it exceeded a corporation's income tax calculated in the conventional way.

The tax rate would be 15 per-

cent. The sum subject to that rate would be the corporation's taxable income after the usual deductions plus certain "add-back" items. What those items are is likely to be a matter of intense discussion during the legislative process. Sen, Dole's thinking, it was said,

is to "add back," accelerated depreciation (which can be calculated in part of deductions for research and development, income from tax-exempt bonds, export earnings of so-called DISC export corporations, charitable contributions, and deductions by trucking companies for the loss of value of their U.S.

perating licenses.
The aides said that corporations would not he allowed to reduce their alternative minimum tax by applying tax credits for investment or taxes paid abroad. However, taxes paid abroad could be deducted from U.S. taxable income, which would give the foreign taxes a tax-saving value in the United States of 15 cents on the dollar.

### IATA Members To Raise Fares 7% On North Atlantic

GENEVA — Air fares between the United States and Europe will increase by an average of 7 percent starting March 1, the International Air Transport Association said.
David Kyd, an IATA spokes-man, said a second increase is pos-

sible later this year, depending on fuel prices and other airline opera-

The March I increase results from an agreement by airlines last weekend at a meeting in Florida to adjust the North Atlantic fares

structure, Mr. Kyd said.

While economy-class fares will be slightly lower, the three other agreed class categories will be more expensive. Those are first and business class and Advance discountered to the control of the control o Purchase Excursion, a discount rate known as APEX.

North Atlantic routes affected by the changes are those between the United States and Ireland, Britain, West Germany, Belgium, Netherlands, Portugal and Swit-



A sheriff stops a car from entering the area around the Ginna nuclear power plant in Ontario, N.Y. The plant was closed Tuesday after a pipe broke containing radioactive water. Steam can be seen being released from the plant as part of the cooling down process.

# Emergency at N.Y. Nuclear Plant Declared Over

ONTARIO, N.Y. - Officials at the Ginna nuclear plant Tuesday canceled an emergency declared 26 hours earlier when a tube rupture cansed an internal leak and released puffs of radioactive steam into the atmosphere.

"There is still a lot of work, but the plant superintendent determined we are not in an emergency any more," said Richard Peck, a spokesman for Rochester Gas & Electric Co., the unit's owner.

After the rupture Monday, the utility declared a site emergency, the second most serious of four emergency classifications. Ten bours later, it was downgraded to nuclear alert, the third most se-

rious. Mr. Peck said the unit was now into "the recovery phase," with workers having returned to

The unit still needed to be brought to cold shut-down — a low-pressure, nonboiling state for the reactor's water system. Officials said Tuesday that the process was continuing smoothly and the tem-perature was expected to be brought below boiling, at about 200 degrees, "within a day."

The maximum radiation detected Monday was 3 millirems at the plant houndary, the utility said. Exposure to a chest X-ray is about 20 millirems, and a dose of 600,000 millirems is considered

have submitted to a polygraph had he attended the Jan. 7 meeting.

me in the least, because I can't

conceive of a situation in which I

would leak an item which I knew

was sensitive and could have na-

tinnal-defense implications," Mr. Catto said. He added, "I can't

stress too strongly that we have no

interest in covering up embarrass-

"I don't think it would hother

# Pentagon Aide Sees Sparing Use Of Lie Tests to Plug News Leaks

civilian-defense policies would cost

\$750 billion more than the \$1.5

trillion projected for the five fiscal

military services and that the ad-

ministration would stay on the

spending course set during the past

Reminded that one of his prede-

cessors, Arthur Sylvester, said he

By George C. Wilson

ment official has said.

The official, Henry E. Catto Jr., assistant secretary of defense for public affairs, said in an interview Friday that such disclosures have "gotten out of hand" but that the Reagan administration has not decided what to do about it. Rules restricting the use of lie-detector tests within the government are under review at the Pentagon, however, raising the possibility that the administration will try to

information about the department and advises Defense Secretary Caspar W. Weinberger on policies designed to curb unauthorized dis-

"The game of using the press to influence policy before decisions are made has, I think, really hurt the ability of the people in this building to enjoy frank and open discussion, because you just don't know what's going to leak," Mr. Catto said.

the situation we're in," he said.

The deputy defense secretary,
Frank C. Carlucci, ordered lie-de-Jan. 7. The Post's story disclosed

# 105 Reported Killed The Associated Press

ty-five Moslem insurgents and 60 Soviet soldiers were killed in sepa-rate battles last week in Afghani-stan, Western diplomatic sources

reported Tuesday.

They said that in one incident Soviet helicopters shot 45 anti-gov-

# Chinese to Pursue Simplification Of Language Despite Complaints

PEKING - The Communist Party has decided to push ahead with efforts to simplify the Chinese language and improve Roman-alphabet renderings of it, despite objections from some linguists, the People's Daily said Tuesday.

The Communist Party newspaper quoted Hu Qiaomu, a member of the Central Committee's secretariat and president of the

Academy of Social Sciences, as reaffirming the policy and calling

for further efforts in that direction. In what the newspaper called "an important talk" to the Chinese Language Reform Commission, Mr. Hu said China must "take another step toward perfecting the formula for the simplification of Chinese." Simplification of the ornate and difficult land guage is necessary to make its use in telecommunications and

computers easier, he said.

He also called for more use of Patunhua, a form of Chinese designed to cut through harriers caused by the myriad local dialects. Although Patunhua has been the official spoken Chinese alects. for decades, local dialects have proved difficult to eradicate. Most people can understand Putunhua, but many speak with heavy accents unintelligible to Chinese from other parts of the country.

Some linguists oppose the language policies, arguing that they detract from the brevity and clarity of the language. Linguists also have said certain Chinese characters have been simplified to the point of confusion.

that the forces that the Joint Chiefs of Staff wanted to carry out tests as a matter of principle, Mr. Catto was asked whether he would

WASHINGTON - Top civilian officials at the Pentagon 2 have no intention" of using he detectors on years through 1988.

Mr. Weinberger said later that the \$750-billion figure was derived from "wish lists" submitted by the "widespread, regular" basis to plug leaks to the press, but "the security people might change [their] minds," a Defense Depart-

expand their use. Mr. Catto oversees the release of

"I mean, if you all thought that every editorial board meeting of The Washington Post was going to be on the front page of the Journal or The Times the next day, it would inhibit your freedom to plan and discuss what stories you're going to work on. It would be a difficult situation, and that's

tector tests in an unsuccessful at-tempt to find out who told The Washington Post about secret Defense Resources Board discussions

# In Afghanistan Clashes

ISLAMABAD, Pakistan - For-

ernment irregulars a few miles north of Kabul after an attack. They also said that the rebels attacked a Soviet convoy to the east. of Kabul, killing 60 Soviet soldiers and destroying a number of ar-

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wiretaps and a microphone plani-

Mr. Humphrey met his Viet-namese wife, Kim. during a tour as

a LISIA adviser in Vietnam from

1969 to 1971 and has said he be-

lieves she saved his life by warning

him of a Viet Cong death plot.

When Saigon fell in April, 1975,

Kim was left behind, and Mr.

Humphrey, then in Washington,

egan frantic efforts to get her out.

During a visit to the Viet-

namese-American Reconciliation

Center, a Truong-created interest

group in the District of Columbia,

Mr. Humphrey made Mr. Truong's

equaintance. Soon he was visiting

Mr. Truong's apartment and bringing copies of diplomatic cable traffic, much of it classified confi-

"It wasn't long after he began dealing with Truong that [Kim] came out," said Mr. Cummings. "We made a big thing about that

cal. He has been told that there

was a New York mob "meeting" or "sitdown" concerning him last

week, and that "they decided to

that William French Smith, the at-

torney general, has said he has no

control over the scope of the in-

quiry that Mr. Silverman bas un-

dertaken since his appointment

last month by a special federal court to investigate Mr. Donovan.

The Ethics in Government Act.

Meanwhile, other sources said

kill him," sources said.

dential or secret, with him.

(at the trial)."

ed in Mr. Truong's apartment.

WASHINGTON - They were

the Vietnam War era's only con-

victed spies, caught stealing U.S.

documents for the Communists in

a classic espionage case that had

intrigue, romance, code names and

surveillance personally approved

It also was a case laced with am-

biguities. Operation "Magic Dra-

gon," as the FBl called it, had no

Munday, after 31/2 years of fruit-

less appeals, the two men - David

Truong, former anu-war activist

and Stanford-educated intellectu-

al. and Ronald L. Humphrey, a

former U.S. Information Agency

employee — played out the final scene in Alexandria, Va., the site

this month by the Supreme Court,

Mr. Humphrey and Mr. Truong surrendered to U.S. marshals and

were driven away separately to begin serving 15-year prison terms. Both said in recent interviews they had not communicated since the

"I felt he deceived me," said Mr.

Major Role in Relationship

Mr. Truong, many involved in the

because Truong was the spy and Humphrey was the feeder," said

former U.S. Attorney William B. Cummings, who led the prosecu-

"I think that I was a very vulner-

who ran for president of Vietnam

in 1967 on a peace ticket. "I don't

hold anything against Humphrey. He does what he thinks is import-

Mr. Truong was forwarding books, pamphlets and, most im-

portantly, Mr. Humphrey's USIA

documents by courier to Viet-

namese associates in Paris at the

time of Vietnam-U.S. talks on nor-

malizing postwar relations when the FBI arrested both men. The

courier, it turned out, was a CIA

agent known by the code name

foreign intelligence security inves-

Jimmy Carter - approved elec-

tronic surveillance without war-

tigation in which a president

The arrests followed the first

Keyseat."

ant in his life, and I do mine."

Their appeals rehuffed earlier

nf their trial in 1978.

by the president.

Mr. Donovan was executive vice Mr. Montuoro is a former secrepresident of Schiavone before his tary-treasurer of what government nomination as secretary of labor in prosecutors have described as a December, 1980. Mafia-dominated labor union to-

Mr. Smith said he could not broaden the investigation of Mr. Donovan in a Jan. 20 reply to a letter from Sen. Orrin G. Hatch, Republican of Utah, and Sen. Edward M. Kennedy, Democrat of Massachusette.

In a letter dated Dec. 30, Sen. Hatch, chairman of the Senate Labor and Human Resources Committee, and Sen. Kennedy, the committee's ranking Democrat, asked that Mr. Silverman's charter be supplemented.



Page 4 Wednesday, January 27, 1982

# A Bankrupt Policy

Gen. Wojciech Jaruzelski has made his first major statement since he imposed martial law in Poland in mid-December. The statement shows that his policy is bankrupt. He indicates that some of the lesser burdens on Poles will be eased in coming weeks, but none of the larger ones.

Putting down open popular resistance evidently is not much of a problem — though, as one of the few independent deputies to the parliament warned, that could change. But enlisting enough popular consent to get the country back to work, so that Poland's mindboggling economic difficulties can be tackled, is another matter. Seven weeks after the coup. Poland remains ruled by the gun.

It is interesting, in the light of Western complaints about the West's relatively tepid and disorganized response to events in Poland, to hear Gen. Jaruzelski. He spoke extremely harshly of the sanctions that have been imposed. Perhaps he was merely raising them as a lightning rod to attract the people's discontent. It is also possible that, in an economy stretched as tight as Poland's, even relatively light sanctions hurt.

Gen. Jaruzelski says that sanctions "lengthen and sharpen martial law." This is

nonsense. Understandably, he is reluctant to confess that it is he who is lengthening and sharpening martial law. Sanctions are reaction to and protest against his regime. While the Polish people, by withholding their full labor and by other means, are "voting" against repression, it should be unthinkable for the West to "vote" for it by resuming normal economic ties.

The regime has announced major consumer price increases to take effect next Monday. What will be the reaction? Solidarity, before it was chained, proposed similar price increases, which unquestionably are needed from an economic standpoint. Solidarity proposed them, however, in a context in which factory councils would have been made legit-

Not only are these councils out of the pic-ture now, the government is also demanding anti-Solidarity loyalty oaths from the workers. The Catholic Church has been in the forefront of opposition to these oaths. Gen. Jaruzelski's policy statement seems to have altogether ignored these developing facts. Far from easing the crisis, he is tightening it. The results will be on his hands.

THE WASHINGTON POST.

# Still Prison of Peoples

It is by now a sad and predictable pattern. When the temperatures drop in East-West relations, the locks freeze on Jewish emigration from the Soviet Union. In 1979, 51,320 Jews were allowed to leave, a record exodus in the postwar years. Last year, after Afghanistan and the advent of President Reagan, the number plummeted to 9,447. In Soviet diplomacy, Jewish lives are a form of blood barter.

There is no other plausible explanation for the erratic fluctuation in visas granted to Soviet Jews. Russia's Arab clients may be happier when the gates close, since half the 259,000 émigrés since 1968 settled in Israel. But Arah sensibilities have not been a discernible factor. The pattern has varied only with Moscow's interest in catering to the United States.

So when relations are bad, what can be done for these human pawns? Most vulnerable are 500,000 Jews who have registered their discontent by asking to leave. By requesting exit, they have lost jobs, privileges and even educational opportunities for their children - yet they are still denied exit.

Some of those who express their frustration overtly have also been tried on phony charges and sent to prison or labor camps.

Even in the worst of times, the United States can speak out against this mistreatment of all who want out: Pentecostal Christians as well as Jews, secular as well as religious dissenters. At a minimum, Secretary of State Haig can add them to his roster of Soviet violations of human rights. And he ought to use every opportunity — such as his meeting with Foreign Minister Gromyko — to suggest that the treatment of human beings also counts the other way; Letting people out would do much to improve the Soviet reputation among free peoples.

It would also counter one of the oldest reproaches leveled at Russia. Even in czarist times, it was grimly nicknamed "The Prison-house of Peoples" because so many ethnic minorities were sealed inside. They are now persecuted more brutally than even Communists were then. Yet the new jailers call themselves enlightened.

THE NEW YORK TIMES.

# Reagan and the Fed

Board and interest rates, President Reagan is world — and interest would rise, not fall. a study in ambivalence. He doesn't care to oppose the board's present policy explicitly, since it's by far the country's most effective restraint on inflation. But, as at last week's press conference, he takes every opportunity to let everybody know that he isn't responsible for the Federal Reserve's conduct.

The Federal Reserve is emerging as the focus of the administration's well-founded anxieties that, when the recession ends, presumably some time this spring, the recovery will quickly be strangled by very high interest rates. That would leave unemployment stuck at a spectacular level, with an election coming. The conventional remedy is to lean on the Federal Reserve to provide more reserves to the commercial hanks, inducing them to lend more and, in the process, reducing interest. But that won't work this winter, just as it hasn't worked for the past two winters.

The financial markets are now dominated hy institutions that have lost very large amounts of money, over the past decade, hy repeatedly underestimating the heights to which inflation would go. If the lenders were to sense that the Federal Reserve was collaborating in another big election-year boom with the usual inflationary hangover, some-

On the subject of the Federal Reserve thing like panic would grip the financial

That's what happened in early 1980 throwing the economy into a short, painful recession. With minor variations, the same thing has happened twice since then - in December, 1980, and last spring. This record strongly suggests that the Federal Reserve has very little control over interest. It can do nothing to lower rates, but any significant departure from its present posture will raise them. The rates are currently being set primarily by the lenders' fears of inflation. There is no other explanation for their behavior in recent weeks: They have been rising while the country fell sharply into recession.

This dilemma of the rates probably is insolvable, as long as the White House promises nothing hut large and continuing deficits that aggravate fears of high and continuing inflation. Sensible budget strategy at the White House can take some of the pressure off monetary policy and interest. Until it does, the present pattern of repeated slumps and rising unemployment is likely to persist. That's another reason for the extraordinary importance of the budget plans, for next year and the years beyond, that Mr. Reagan will publish early next month.

THE WASHINGTON POST.

# Chile's 'Last Best Hope'

Eduardo Frei was widely regarded as the "last best hope" for Latin democracy during the years 1964-70, when he was president of Chile. It was a pardonable exaggeration. The Cuban revolution had imparted a double sense that the hemisphere was moving leftward and that the United States had a major interest in checking the flow.

Chile then enjoyed a reputation as the premier Latin democracy, and Eduardo Frei was seen, in Chile and in the United States, as the sort of ahle, principled democratic reformer who could erect a "firehreak" on the left and keep the radicals on the other side,

Founder of his country's Christian Democratic Party, Mr. Frei had pronounced himself "staggered by the differences in economie strata" in Chile. He took office in 1964 with the only absolute majority any Chilean presidential candidate has enjoyed. Whether

he knew of the secret funds that, it turned out later, the CIA put into his campaign was never established. Whether he needed such support was duhious. By the time he finished the single six-year term allowable constitutionally, he had whetted popular appetites for considerably more progress than he had been able to deliver.

Marxist Salvador Allende received a plurality of the popular vote in 1970. Within barely a year. Chile was exploding into class war. Mr. Frei ran for the Senate in 1973 to continue the fight by parliamentary means, but even he could not slow the disintegration. The generals made a coup whose dark result Mr. Frei bravely contested until he died in Santiago last Friday. Hc was a man of true honor, which is more than can he said for the people who have ruled Chilc since.

THE WASHINGTON POST.

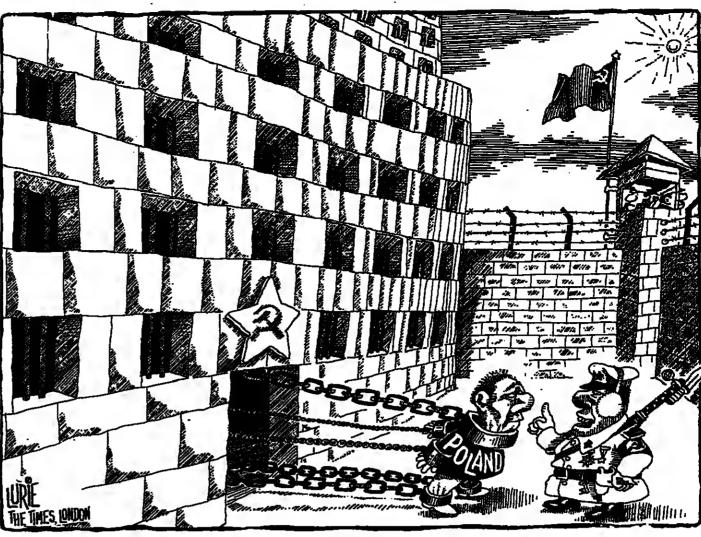
# Jan. 27: From Our Pages of 75 and 50 Years Ago

1907: German Socialist Loss

BERLIN - The elections are over, and the Socialists have met with defeat such as their worse enemy has not dared to expect. At the last election in 1903 the Socialists won 55 seats. Today they have a meager 30. The question of patriotism has won a stirring victory. General rejoicings are heard at the downfall of the tyrannical autocracy and bulldozing rule of the red flag. A man who is the employer of 3,000 workmen said: "It was the highest time that the absurd notions of the Socialists were stopped. They had come lately to a point where the workmen were masters and the masters were slaves to them. They had long been suffering from a bad attack of swollen head."

1932: Submarine Missing

PORTSMOUTH, England - The British training submarine M-2 with six officers and 48 men aboard is feared to be helpless on the bottom of the English Channel three miles off Portland Bill, where the undersea craft dived during maneuvers and has not been seen or heard from since. The vessel carried only eight hours' supply of oxygen and it is extremely doubtful, if the craft has been under water now for 15 hours, if any of the crew are still alive. The vessel, although 14 years old, is equipped with the latest submarine safety devices but there is no indication that any of the crew escaped. It appears to be resting on a sandy bottom, giving hope that it has not been damaged.



'See? Didn't I promise to let you out once you behaved?'

# Haig Is in Foreign Policy Saddle — For Now

By Joseph Kraft

WASHINGTON — Out of the W swirling mists of bureau-cratie battling over foreign policy, there has emerged a clear winner. Secretary of State Alexander Haig

is in the saddle—at least for now.
Haig's primacy has been signaled most dramatically by personnel changes at the White House and the State Department. It has been affirmed by a muffling of the critics who oppose Haig's policy emphasis on rapport with the Eu-ropean allies and constant communication with Russia.

The personnel shifts began with the replacement of Richard Allen by former Deputy Secretary of State William Clark as the presi-

which the current one does not.

were voting for.

WASHINGTON — It once was thought that democracies could not maintain continuity in foreign policy. The American democracy has the opposite problem. Foreign policy does not trickle down from the highest levels; it rises through the bureauch which defines on these parameters which defines continues parameters.

racy, which defines options, narrows choices and makes continuity hard to escape. This tends to be

true even when the secretary of state wants to escape,

Under Secretary Haig, true believers in the détente doctrines of the 1970s have survived and prospered.

The State Department, rarely known for the diversity

of its viewpoints, now has a homogeneity remarkable

even for it. Almost no one near the top effectively

represents the sort of thinking that people who voted for Reagan on foreign policy grounds thought they

As a result, a potentially invaluable moment has been irretrievably lost. Poland, which should have been a disaster for Russia, is becoming a disaster for

the United States. Instead of using it to wrench for-

last decade, it has become an occasion for reaffirm-

ing stale themes, people and policies.

in the International Monetary Fund.

cign policy out of the downward-running rut of the

Haig has kept the United States in step with its

NATO allies, who took a month to speak collectively about Poland. Twas a famous victory when they did,

and Haig hailed it with history's most defensive ex-

pression of pleasure: "I would hope we wouldn't sit around again with the scorecard and try to find out how little we in the West are doing."

Actually, the United States should blush when sug-

gesting that allies do anything substantially incon-venient to themselves. The U.S. government has refused to block the International Harvester sale, to

embargo grain, to declare Poland in default on its

debts, to veto Poland's application for membership

dent's national security adviser. Clark could eventually become a major force in foreign policy. But he is a novice, and he has learned most of what he knows while serv-

ing under Haig at State.

As his deputy, moreover, Clark has picked Haig's candidate — the former counselor of the State Department, Robert MeFarlane. McFarlane, a former Marine with McFarlane, a former Marine with close ties to Congress and the Pentagon, will have a big role in shaping policy now. While not a Haig stooge, he will not go out of his way, as Allen did, to thwart the secretary, So the National Security Council staff, which used to work against Haig, is now on his side.

But Is He on the Right Horse?

By George F. Will

Within the State Department, Haig has promoted two longtime associates and fellow Eurocentrists to the second and third positions. Walt Stoessel, a former ambassa-dor to Russia, Poland and West Germany, is deputy secretary. Lawrence Eagleburger, a former ambassador to Yugoslavia, is un-

Rightists on Capitol Hill were first miffed by the removal of Allen, then upset by Haig's refusal to sell advanced aircraft to Taiwan, and finally incensed by his rela-uvely soft stance on Poland. But they have been quieted by the ap-pointments of Clark and McFar-

that some unspecified developments might trigger against Russia. The moment has passed.

ended with Peking being allowed to veto the U.S. sale, of FX fighters to Taiwan. Advocates of weakness in

have made China less inclined to treat the United

In Carter's State Department, rhetoric and policy were both bad, but at least they meshed. Hair's rhe-

of action without real action. The mismatch is

confusing the United States, deepening the allies' cynicism and making anti-Reaganite holdovers in the

Reagan, by pursuing the domestic policies he foreshadowed during his campaign, has generated inevitable opposition. But the concentration on domes-

tic policy that enabled him to achieve so much has prevented him from coming to grips with govern-mental inertia in the field of foreign policy.

As a result, events of recent weeks have revealed

tendencies within the policy apparatus that are at

odds with his campaign themes. This could produce something he has experienced only once before (in

the 1976 contest with Ford): fissures in his conserva-

Containing, say, the Federal Trade Commission is, of course, God's work. But conservatism that pays

more attention to such things than to containing

Russia is conservatism suffering arrested develop-ment. It can offer no effective political or intellectual

opposition to the foreign policy tendencies of the per-

Besides, soon even Democrats (they are not espe-

cially quick these days, but neither are they dead) will

notice bow inadequately the administration is fulfill-

ing the fundamental demand of the 1980 electorate

States as phable and dispensable.

government especially effective.

The first and final month of the Polish "crisis"

lane, and Clark has added a little window dressing: He has given 30-day appointments, as advisers on intelligence and policy planning, respectively, to William Buckley and Clare Boothe Luce.

Inside the administration, Haig's chief challenge has come from Defense Secretary Caspar Weinberger. But Weinberger is breathing hard now for a couple of reasons. Clark has gone on a crusade against leaks bearing on national security, and the heat is on at the place that has always been Fat City for national security leaks—the Pentagon. Furthermore, Clark has taken

ernment. The case was put at length by Henry Kissinger in two articles last week. He asserted that Europe used a consequence of that weakness — China's disdain — to justify weakness in Asia. A less feeble response to China's adversary, Russia, would the crackdown in Poland "presents a fundamental challenge to the West." He wrote that, so far, the allies had exhibited "dithering procrastination, sophisticated justifications for impotence, or rhetoric incapable of rising to serious actorie does not fit the policies that give an appearance

sider trying to get inside. While Haig has a clear track for allies and to President Reagan.

dersecretary for policy. Haig is now master in his own house.

on as a temporary adviser Thomas Reed, a former Air Force secre-tary. Reed is an engineer with ex-pertise in defense hardware. His presence at the National Security Council means that Weinberger, for the first time, will come up against serious White House ques-

tioning on weapons choices.

Finally, there is the case of philosophic critics of the Haig policies both inside and outside gov-

But Haig and those around him contend that in Poland the U.S. and the allies can have only marginal influence on what happens. So they do not see a "fundamental challenge" - certainly not one that would justify splitting the alliance and breaking communications with Moscow. President Reagan, who until very recently was talking about a summit meeting with Leonid Brezhnev, agrees. The Kissinger criticisms are thus dismissed as the tactie of an out-

the first time, it is not an easy track. This week he is meeting with Soviet Foreign Minister Andrei Gromyko in Geneva. He has to take a position that is starchy enough to impress the Russians and to satisfy domestic critics, but still keep open the possibility for progress later in the year on the arms control accord so dear to the If Haig succeeds, he can stay in

the saddle for some time to come. If he fails, he will be naked to his

### The example of Czechoslovakia in 1968, and what we know of the world's attention span generally, suggest that, a month from now, Poland will be a sec- a strong foreign policy. That is why Reagan should use his second year as president to develop ondary story. So it is at best naive, and probably deliberately deceptive, for State Department officials to talk about a "second tier" of "hardball measures" intelligent discontinuities with the discredited and repudiated policies of a wasted decade. ©/982, The Washington Post

A Far-Right Dirge for Reagan Conservatism

nent government.

WASHINGTON — The over-ture to President Reagan's State of the Union address was provided by some of his earliest and most ardent conservative supporters. In a series of news conferences and television appearances, these gentlemen, who share not just an ideology but a tendency to premature plumpness, quivered their young jowls and said that Ronald Reagan was straying from

the cause of righteousness. In a musical metaphor, they were bassoons. The temptation was to snicker a bit, as one laughs at the bassoon bleatings of Grandpapa, warning young Peter that if he plays in the woods, he may be eaten by the wolf.

But a more apt musical comparison was suggested by Jude Wanniski, one of the guardians of supply-side orthodoxy. When asked about the mood of the conservative activists, who gathered in Washington last week to mark the anniversary of Reagan's inauguration, Wanniski said, "It was a feeling of heartache."

The criticisms about Reagan from the true-faith conservatives fall into that rich literature of lovers' laments. They really cannot understand why the man who led them hy hand from the exile of the post-Goldwater years to the promised land of the presidency should be asking them to abandon so many of the dreams they all

By David S. Broder Reagan's heresies may not seem major to most voters who, the polls the words of conservative fund-raiser Richard Viguerie - "on the basis of their experience and credentials," rather than their adtell us, worry most about keeping or getting a job and managing the mortgage on a house. But if you have attended 16 consecutive anherence to conservative ideology. It may seem a curious sort of nual banquets of the Young Amerconservatism that rejects the imicans for Freedom, where Reagan portance of experience and credenhas burnished the dream that free tials. But one of the favorite con-

Chinese will some day overthrow servative writers, M. Stanton Evans, declared in last week's Human the Communist regime in Peking, it is hard to swallow your leader Events that with "the dumping of [national security assistant] Richdenying advanced jets to the "liard Allen and the departure of [po-litical aide] Lyn Nofziger... the administration of Ronald Reagan When you know that Reagan knows, in his heart of hearts, that Henry Kissinger was a Rockefeller is close to being captured by 'modsnake who tempted Richard Nixon into doing business with the Russians, then it is hard to ahide Reagan embracing that Nixon-Kissinger protege, Alexander Haig, and allowing him to negoti-

erate' Republicans who opposed his presidential aspirations. The White House staff itself is heavily tilted toward the followers of

George Bush and others of even more liberal persuasion, while the management of foreign policy is firmly in the grasp of those who came to power as acolytes of Hen-

ry Kissinger.
"Here and there, some pockets of Reaganite resistance remain. Evans concedes. But neither he nor anyone else attempts to explain how this "takeover" bas been possible, unless Reagan himself is either a dupe or so detached from his own office that he is oblivious 10 what is happening. That far, they will not go. But there is more than disillusionment

being expressed here. The faithful are preparing their alibi for the possibility of Reagan's failure. 0/982, The Washington Post.

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berators" on Taiwan.

ate with Gromyko.

The true-faith conservatives can-

not accept the possibility of per-

sonal betrayal on Reagan's part.

They cannot even abide the notion

that the presidency may have changed his thinking

many of their own hopes invested

in him to end the affair. It would,

naturally to them: They invent a devil theory to explain why Reagan is being seduced from the

path of righteousness. It is, they

say, the mischief of the presiden-tial advisers who were chosen — in

quite seriously, break their hearts.

Beyond all that, they have too

So, they do what comes quite

Population And Policy In Egypt By Philip Geyelin CAIRO — Burros Ghali is the Egyptian minister of state for external affairs and a veteran of the hard diplomatic slogging leading to the Camp David accords. Now high up in the foreign policymaking hierarchy of President Hosni Mubarak's new government, he is a fellow to talk to about the Palestinian issue, U.S. Egyptian relations. Egyptian geo-Egyptian relations. Egyptian geo-

politics.

But Ghali, you discover, wants to talk about Egyptian demography. And so, I suspect, will Mubarak, in his own way, when he sits down with Ronald Reagan in Washington on his first visit as Egypt's president.

What the dictionary defines as the statistical science dealing with the statistical science dealing with distribution and density of popula-tions" is unlikely to be on the agenda in quite those terms. But it will be on Muharak's mind for the same reason it is on Ghali's mind

same reason it is on Ghali's mind as "Egypt's greatest single probem." The crushing, smothering 
impact of a huge and growing population bears down on every aspect 
of Egyptian daily life — including, 
by Ghali's logic, Egyptian foreign policy.
For 3,000 years — Egypt's best, you might say — the population ranged from 3 million to about 7

million, a number the Nile valley could comfortably sustain. (About 96 percent of the total area of Egypt was then, and remains, un-inhabitable desert.) At the turn of the century the population had grown to 12 million: that's about where it was when Ghali was in high school, he recalls.

Now it is a staggering 42 million, and growing at the rate of 1 million a year. Over one-quarter of the populace is crammed into Cairo, whose continuing sprawl is at the cost of critically needed ar-able land. An expensive effort is under way to irrigate and make fertile now-useless desert.

But for every acre of arable land thus gained, two are being lost along the banks of the Nile, Why? Because that priceless topsoil is the stuff of which bricks are made to build houses for the expanding population. It's a losing game, which is why Egypt has to spend several billion dollars a year for imports to meet more than half its

food needs.

About 40 percent of Egyptians live below the poverty level, according to one authority. Families forced off the shrinking farmland flock to the cities, where there are not nearly chough jobs even for college graduates. Cairo is an eyepopping study in sharp contrasts: donkey carts and Mercedes, large pockets of destitution and filth a few hundred yards away from the water-skiers and eight-oared shells

skimming the Nile. The strain on such services as water, sewage, transportation and telephones is unimaginable. A recent government report estimated that employed Egyptians spend 16 percent of their time commuting and only 4 percent at work - the exact reverse of the figures for the

average working American.

There are no real rush hours in this city - just an all-day traffic jam. One reason: Telephone communications are so overhurdened that people find that the quickest way to do business is by personal

It comes down to a huge, growing surplus of Egyptians in Egypt: more than can be boused or fed, more than Egypt can live with indefinitely, even in cruel conditions. And more, almost certainly. than even Mubarak's inward-turning preoccupation with domestic

programs will be able to handle. Which brings us back to the connection between demography and foreign policy: At least a par-tial solution — a way of easing the pressure — says Ghali, would be for Egypt to "export" Egyptians to other Arah nations. It is not as farfetched or desperate a remedy as it sounds. Already about 3 million Egyptians work abroad: 1 million in Iraq: 500,000 in the Gulf; as many in hostile Libya; tens of thousands more scattered around in Sudan and elsewhere.

What has come naturally. Ghali would institutionalize, on a far greater scale. In the best of all Arah worlds, he envisages coun-tries nich in land (or investment capital) absorbing the population surpluses of the land-poor. You can put it down now as no more than a dream. But the demographic driving force is real enough to make it one more reason that Egyptian rapprochement with the Arab world is high on the list of Mubarak's foreign-policy impera-

# **Stage: Faye Dunaway** Wins Alfred's 'Heart'

By Carol Lawson New York Times Service

NEW YORK - That first moment was magical and uransforming. It happened one hot September afternoon in 1965, William Alfred, a popular professor of English literature at Harvard, was in despair because he could not find an actress to play the role of Kathleen, the wife of an up-andcoming ward boss in Brooklyn, in his play "Hogan's Goat." He was nearing the end of yet another long day of auditions in a studio behind Carnegie Hall.

"Then, we heard this wonderful electric step on the stairs," he re-calls, "and this incredibly beautiful woman came in. She had chestnut hair down to ber shoulder blades and was dressed in a white leather suit. It was like a miracle. You knew right away there was some-thing special about her. Even before she read anything, we knew we had found her. We had found our Kathleen.

The woman, who was then 25 vears old, was Faye Dunaway. Her opening Off Broadway oo Nov. 11, 1965, in "Hogan's Goat," which was Alfred's first play and received excellent reviews, has become part of theater history. Overnight, it established Dunaway as a bright new star and launched her career in the movies. In addition, it established Alfred as an important new playwright, a dramatist praised as "one of the most eloquent voices" of the American theater.

### Second Venture

"Hogan's Goat" also marked the beginning of a close friendship between Dunaway and Alfred that has deepened over the years and led to their second theatrical venture together, "The Curse of an Aching Heart." The play, which is bringing Dunaway back to the New York stage for the first time since "Hogan's Goat," opened Monday night on Broadway at the

Alfred, who is now 59 years old and still a full-time professor at to get myself in better emotional Harvard, describes "The Curse of and technical shape as an actress. an Aching Heart" as "a comic novel in five chapters." It is made up of five separate works, which are played without intermission, depicting five pivotal moments in a woman's life, beginning in 1942. During the course of the evening, Dunaway, who is now 42 years old, goes from a 14-year-old teenager on roller skates to a 35-yearold mother who makes peace with her troubled past. Like "Hogan's Goat," the setting is the Irish community of Alfred's native Brooklyn. Alfred has been working on "The Curse of an Aching Heart" since 1965, and says he never beats her you wanted anyone but Faye Dunaway wire hangers.

["As it happens, both playwright into a simpler woman, into more and star fail — but not ignobly," of what I really am and less of

reviewer, said. "If The Curse of an Aching Heart' has the same leaden gait as this season's other female star vehicles, it does at least yearn to soar. "Yet, it's also true that Dunaway's absence from the theater has not dimmed her stage technique. She's usually in command. I wish I could say the same for Alfred, a sensitive writer whose heart surely aches for his cherished Brooklynites far more than this

bloodless play lets on."]
Like an absent-minded professor, Alfred managed to lose his manuscript for a couple of years, and found it in 1970 behind a drawer in a desk in his attic. That was also the year in which he returned to Broadway as the co-li-brettist of the short-lived "Cry for Ua All," the musical version of "Hogan's Goat."

His career as a playwright never reached its promise, he says, be-cause of his commitment to teaching. Wating is a very slow, timeconsuming process for him. He maintains a beavy teaching schedule despite two heart attacks a few years ago, and during rehearsals of The Curse of an Aching Heart" was marking papers in the back of

script at every stage of its development. The playwright, who has never married, says he considers her "like a daughter to me." He keeps an apartment in New York and is a frequent visitor at Dunaway's home on Central Park West, where she lives with the photogra-pher Terry O'Neill, and their 18month-old son. Alfred and Dunaway like to get together for dinner, antique shopping and visits to mu-seums. He contends that she is doing this play largely as a favor to

But Dunaway herself, who regards Alfred as "a member of my family," says otherwise. "I'm doing this play for myself," she re-marked. "I love the play — the writing of it, the language. Bill is a poet and playwright in one, really. But I'm really doing this for me -to get myself in better emotional I've been wanting to get back to the theater and have a chance to work on skills and techniques that you don't get a chance to work on in film.

Another attraction of "The Curse of an Aching Heart" was that it is vastly different from Dunaway's latest film, "Mommie Dearest," in which she gives a starthingly lifelike impersonation of Joan Crawford. Thanks to the film, the public now has an image of Dunaway as an egomaniacal actress who is also a monstrous child abuser, one who in a fit of rage beats her young daughter for using

"I felt I needed to break away Frank Rich, The New York Times what my film image is," she said.



# A Guilt-Edged Portrait In 'Mommie Dearest'

By Vincent Canby New York Times Service

NEW YORK — "Mommie Dearest" (which is opening today in Paris) is an extremely strange movie. In all rational ways, it's a mess. Its

continuity is vague. Its narrative is shapeless. It depends more than is absolutely necessary on the feelings we bring into the theater before we've even seen the movie, and, when the chips are down, it revels in show-biz cliches about the plight of the falling star.

Yet, it is a peculiarly engaging film, one that can go from the ridiculous to the sublime and back again within a single scene, sometimes within a single speech. Now and then it's intentionally funny. Sometimes it's unintentionally hilarious, but frequently it achieves that state of wild, out-of-control melodesma that is both comic and homitime. it-of-control melodrama that is both comic and horrifying.

It's also slightly unfair. One's attention is constantly diverted by the question of whether or not this is the way it really was, even as one reminds oneself that all movies, even those based on the lives of real people, recently deceased, are fiction, and that literal truth doesn't matter if the film itself works as cohesive fiction.

"Mommie Dearest" doesn't work very well, but the ferocious intensity of Faye Dunaway's impersonation does, as does the film's point of view, which succeeds in making Joan Crawford into a woman far more complicated, more self-aware and more profoundly disturbed than the mother remembered in Christina Crawford's book. Saint Joan of the fan mags is oothing much more than taxidermy. This lady is alive.

The principal problem with "Mommie Dearest," is not that it's vicious, which it's not, or distorted, which it may be, but that it doesn't

make more effective use of the imagination, which is the basis of all fiction, including biographical films of this kind. Some of this can be explained by the fact that the film is, after all, Christina's reminiscence, It's not intended to be a full-scale biography but, rather, the mounie dearest the daughter remembers. The odd thing

is that through what appears to be the cumulative effect of unfortunate writing, casting, directing and acting, the character of Christina eventually turns into a sanctimonious, vengeful, colodess if pathetic prig. The key to "Mommie Dearest" — to its style and method — is the makeup that has been applied to Dunaway's face to achieve the Crawford "look," particularly that pair of thickly painted eyebrows that hover like the silhouettes of frigate birds over the large Crawford eyes. Al-

though the eyebrows don't especially look like those of the Joan Crawford one carries in one's mind's eye, they do characterize the movie, which, as played by Dunaway, is a serious caricature, done in bold simple, risky strokes. This is not a crincism but a description. In the way of good caricatures, like those of David Levine, Dunaway often achieves a series of fascinating, contradictory effects in a single moment. She succeeds in stunning us with her rages, which, though they

are inarticulate, are full of a kind of mysterious sorrow. They're also fiercely funny and terrifying in the way of things that are so shocking it takes a while to comprehend them. As in so many of the movies Joan Crawford made, especially toward the end of her career, the men in the film are virtually faceless. It hits its high spots so early that it never again can top itself, and when Dunaway is off-screen, which isn't often, the film ceases to be. Dunaway, though, brings unexpected life and feeling to this full-length caricature. "Monnie Dearest" possibly will turn to be the all American mother movie of

# **Ungaro's Collection Draws Heavy Applause**

mai Aerald Tribun

PARIS — Applause, applause. Emanuel Ungaro today brought luster back to the world of haute countre with a collection that had all the right earmarks inventive cut, exquisite workman-ship, flawless delivery, fabulous fabrics and a deluge of silk and

Heavily applauded, it was just the right kind of collection for a front row of well-heeled celebrities (the same as Monday, plus the young Baronne David de Rothschild, trading notes with Princess Caroline, in white this time.) Shown against the heavily gilded

background of the Musee Jac-

quemart André, with a quartet

playing chamber music, it was a soothing collection, even if some of the clothes sometimes ended up looking like museum pieces themselves, with some highly ornate brocade oumbers harking back to the opulent Ballets Russes era. Actually, Ungaro, a master tailor who has managed to take the jump into the more treacherous world of himp silk dresses, had several collections rolled into one. A graphic, black-and-white line of softly tailored suits, the jackets ribhugging, slim spencers over very sbort skirts or knee-length bloomers. Then be fell into a trap - and into the circus world with some garish, geometric outfits in blinding color combinations.

**Grand Evening Clothes** 

Then he recouped with half-Bal-lets Russes, half-medieval outfits - gold-streaked shawls, gold hair nets, long pointed sleeves ending with pearls, pointed waist cinchers long medieval tunics over miles of knife pleats. Those evening clothes, grand without being the ballgown kind of bygone days, were very much applauded, a sure sign that French socialites, despite grumbling about the current government, are still not about to put ashes on their heads.

The spencer, which has always been on Ungaro's list, was still one of his most successful themes. With enviable ease, he repeated it in at least 10 different versions, in different lengths and fabrics. Some were in solid colors with starkly contrasting piping. Others were flowered with differently flowered lapels. Some were double-breasted with scalloped lapels. Some hit the hipbone, others stopped at the

He also loved bloomers. Some were glorified silk jodhpurs while others, more flirtations, stopped at mid-thigh. However, his very short skirts came across better, especially with Caroline who said: "Those bloomers are not very sexy. And they're very cumbersome to wear in the summer."

Once again, Ungaro's major talent was in the mixing of fabrics and colors, with as many as six different fabrics in the same outfit. To give an example, one white spencer was piped with black and





Ungaro's silk pantaloons with spencer jacket; Philippe Venet's coats with painted stripes.

finished with checked, black-and-prints, always finished with pleat-white lapels. Worn over high-ed ruffles around the neck. white lapels. Worn over highwaisted, black-and-white silk bloomers, it was topped by a lace shirt, a vest in a small rose print, with a cummerbund of tiny polka dots. In that same mood, Ungaro kept pulling combinations together with the expertise of a magician pulling tricks out of a hat. Although his black-and-whites were stunning, he did manage a more

Everywhere, Ungaro had those luxury touches, such as gold ebains and pearls cutting across the satin sashes, like a man's watch chain, and satin Mary Janes, (pumps cut across by a strap) also streaked with gold. He followed his highly successful shawi of last season (the one with two buge tassels at each

end that became a best-seller, detender mood with pastel flower spite costing an arm and a leg) this

On the Arts Agenda-

EUROPEAN TOUR — The National Syste-phony Orchestra of Washington, under Bs music director, Maskalay Rostropovich, will begin a European four of 17 concerts on Feb. 4 in Zanich, followed by appearances Statt-gant, Feb. 5; Manich, 7; West Berlin, 8; Massahelm, 10; Eindhoven, the Netherlands, 11; Hamsover, 12; Vienna, 14 and 15; Am-sterdam, 17; Duesseldorf, 18; Paris, 19; Lan-don, 20; Brussels, 22; Hamburg, 23; Barcola-na, 24, and anding Feb. 25 in Mackid. The repetory includes two pieces by American composers, Leo Sowerby's "Comes Autumn Time" aventure and Somuel Barber's "School for Samskalt" overture, a work commissioned Times" averages and Somuse Serber's "School for Scansical" overties, a work commissioned from William Wolton, in London, and works by Schubert, Schumann, Tcholkovsky, Beathore, Wagner, Shostolovich and Stravinsky, The orchestra, in its 51st season and its 18th under the musical direction of Restropo-

EUROPEAN TOUR - The National System

vich, will be making its first European tour in

director of the Hamburg and Paris operar will make his debut as a stage director with a new production of Wagner's "Punifel," once of the work at Bayreuth in 1882. The Geneva production will have its first per-formance at the Grand Theatre on Feb. 29. Sets will be by Petrika Ionesco, contumes by ourd Dayde, and choreography by Moses deton and Allison Choss. Horst Stein will conduct, with Singfried Jerusalem and Jon Vickers sharing the title role, and Tom Krause

time with a different kind of wrap - buge but pleated and worn across the oeck, it fluttered as the model walked like a gigantic butterfly. Those were worn with the opulent Ballets Russes outfits, which featured layers upon layers of finely pleated brocade.

Away from the madding crowd, fashion outsider Philippe Venet, a talented, unpretentious man, bas been quietly making the most beautiful coars in Paris for years. Now, he's finally hitting the jackpot with a collection of handpainted, geometrie coats and matching silk chemises. Those outfits are done in bright, summery colors, a treat in Paris, where summer collections often tend to look verv dark.

Bright yellows, pinks and blues make a happy group that Venet will show to Palm Beach next week for the first time. Venet was also smiling because he has sold his name to a perfume company (with the first toilet water for men launched next April, his first perfume next year). He is also selling well at Carita's, a Los Angeles boutique, and his name is now well known enough to bring him a oumber of well-paying licenses, mainly in Japan.

# **Close Greenland Vote** Seen on EEC Pullout

By Roger Cohen
Reuters

BRUSSELS - Citizens of Greenland are to vote next month in a referendum that could halve the land area of the European Eco-

The vast territory's 50,000 people will be voting on Feb. 23 on whether to remain in the EEC, and Danish diplomatie sources here say the vote is likely to show a majority opposing cootinued mem-bership.

No other territory or country has ever withdrawn from the EEC since its establishment in 1957. Officials of the EEC Commission say a withdrawal by Greenland could set a dangerous precedent at a time when both the new Socialist government of Greece and the opposition Labor Party in Britain are also talking about their countries' leaving the Common Market.

Greenland entered the commu-nity with Denmark in 1973 in spite of the opposition of 71 percent of its citizens who voted in a Danish referendum the previous year. As an integral part of Denmark, the territory had no choice. Its voters were heavily outnumbered by

mainland Danes. But in 1978 Greenland won home rule, and it has been governed since then by the Siumut Party, which is opposed to Com-moo Market membership.

"Simmut is determined to steer Greenland out of the community. It has organized the referendum, and the odds are it will get its way," a Danish diplomat here said.

# Danish Opposition

Denmark, which has both financed and provided the skilled personnel for the territory's modernization program over the past 25 years, is opposed to Greenland's withdrawal.

It has urged the country's population of Eskimos and Danes to vote to remain in the community, saying withdrawal would bring ecocomic hardship and isolation, but it has added that it will not stand in the way of a decision to

### 16 Are Reported Dead After an Attack in Iran

The Associated Press BEIRUT - Sixteen persons were killed in an attack by people "counterrevolutionaries" on the police station and governor's office in the Iranian city of Amol, Tehran radio reported Tuesday. The official radio station, monitored in Beirut, said several arrests were made after the Monday night

attack. Amol, 75 miles (120 kilom-

eters) northeast of Tehran, is a

stronghold of leftist guerrillas.

The Greenlanders' opposition to EEC membership is based on what they see as unjustified encroachments made by distant community bureaucrats on the territory's main

natural resource - fish.

Because of EEC regulations, Greenlanders have only a 12-mile exclusive fishing zooe around the island, although the commission has in practice given the territory's fleet the right to catch all the fish it

Despite that, Greenland's inhabitants, most of them Eskimos, have been angered by a system which prevents them from bolding exclusive fishing rights to all their territorial waters and has allowed foreign fleets to catch millions of dol-lars worth of fish there in recent

Greenland, which lies approximately 2,000 miles (3,200 kilometers) from the European mainland, has an area of 846,000 square miles (approximately 2.2 million square kilometers), making it big-ger than the rest of the EEC. Commissioner's Visit

Danish sources here said the referendum results are likely to be

close but that there was evidence that in recent months the majority in favor of leaving the EEC had

Poul Dalsager, Denmark's min-ister of agriculture and fisheries, made a special visit to Greenland last October. The sources said his address to the parliament, defending EEC membership, appeared to have had some effect.

Both Danish and EEC Commis-

sion attempts to persuade Greenlanders to stay in the community have centered on the large economic benefits it has derived from

In the past five years, more than 100 projects in the territory, worth an estimated \$50 million, have received grants from the community's regional fund. Improvements in Greenland's fishing fleet have been financed in this way.

If it withdrew, the territory also would risk losing a large part of its export market. The bulk of its ex-ports go to the EEC and might be subject to heavy tariffs if Greenland left the Common Market. Danish sources said Greenlan-

ders want to negotiate some kind of associated EEC status that might preserve some of its current privileges, but Mr. Dalsager has stressed that such an arrangement

may not be possible. EEC sources said that Common Market officials are also worried that Greenland's departure from the community might also lead to the territory's departure from the Western fold. A large U.S. air base at Thule in northern Greenland forms a key part of NATO defens-



Thousands attended the public funeral for former President Eduardo Frei in Santiago.

# Pinochet Assailed at Frei Rites in Santiago

SANTIAGO — While a crowd repearedly screamed "Assassin," President Augusto Pinochet and members of his military government attended the first of two functors before the product of the former besident. erals Monday for former President Eduardo Frei.

Sources within the Christian Democratic Party, which Mr. Frei founded, said that Cardinal Raul Silva Henriquez devised the plan for two ceremonies to avoid possible friction between the government and its political opponents.

The first ceremony, at noon, consisted of a liturgical reading by the cardinal. The public was barred and kept back from the Metropolitan Cathedral by a police cordon. The only family member to attend that ceremony was Mr. Frei's eldest son Eduardo.

Gen. Pinochet, in white dress uniform, smiled and flashed the victory sign as he left the cathe-dral. He ignored the shouting, which was aimed at the the military regime's buman rights record. He was hustled into a car and was. sped away with a motorcycle

Police jostled the crowd and ar-rested at least three persons.

"This ceremony was imposed by protocol," said Enrique Kraus, a

3 U.S. Sailors Killed on Ship

SAN DIEGO — Three sailors were killed Monday when a gas line ruptured aboard a U.S. miclear-powered, guided-missile cruiser in San Diego harbor, a naval spokesman said Tuesday.

Christian Democratic leader and family friend. "For the family and his friends it has no meaning for us other than that."

cathedral and sang and applauded as the cardinal eulogized the former president, whose body had lain in state at the cathedral since other than that." The funeral Mass was held at 4 Saturday.

p.m. in the cathedral, and the burifollowed at Santiago's General Cemetery. Mr. Frei's family had invited the entire oation to attend. Thousands of Chileans packed the Plaza de Armas in front of the

The cardinal said that Mr. Frei was "a democrat and a Christian," and that "his voice will continue resounding within Chile."
Mr. Frei, who died Friday at 71,
was president from 1964 to 1970.

# U.S. Urges Congress to Double Quotas For Canadian and Mexican Immigrants

WASHINGTON — The Reagan administration has urged the dou-bling of quotas for immigration from Mexico and Canada, permitting 40,000 persons to enter the United States from each country

Las Angeles Times Service

At a hearing Monday before the Senate Judiciary Subcommittee on Immigration and Refugee Policy, State and Justice department officials endorsed the establishment of the special quotas for Mexico and Canada as a recognition of "our special relationship and common borders with our closest neigh-

The allocations, twice that for any other nation, would also per-mit visas not used by Canadians to be used by Mexicans, Canadian immigration is traditionally smaller, making possible the entry of as many as 55,000 or 60,000 Mexicans annually if the new system is approved by Congress. Diego C. Aseno, assistant secre-

tary of state for consular affairs, said the administration's proposals for a new immigration law would establish a maximum of 310,000 visas a year. But he said that the administration would continue its open-door policy for immediate relatives of U.S. citizens and for an indefinite oumber of refugees, the latter determined each year in consultation with Congress.

# 200 Reported Dead In Peru Jungle Flood

LIMA - Heavy rains in a jungle region northeast of here flooded the town of Uchiza and 200 per-

sons were reported dead, the civil defense agency has reported. The agency said that the Chan-tayuca River overflowed its banks Sunday, also leaving about 600 families homeless by Monday in Uchiza, a village about 400 miles (644 kilometers) northeast of

# Of U.S. Crash

By Richard Witkin

New York Times Service NEW YORK - First readings from the flight data recorder re-covered from the Air Florida plane that crashed in Washington on Jan. 13 indicate that the plane took about 15 seconds longer than nor-mal to take off, the Nanonal Transportation Safety Board has

The twin-jet Boeing 737 reached a maximum altitude of 337 feet (10.8 meters) and a maximum speed of 147 knots, or 169 miles (270 kilometers) per hour, after which the speed began to drop until the plane hit the 14th Street. Bridge and crashed into the Potomac River, the agency said. Seven-ty-four of the 79 persons oo the plane were killed along with four persons who were in vehicles on

the bridge.

Asked whether ice on the plane could have affected the data, offi-cials acknowledged that it could have produced false readings on the recorder and on the cockpit instruments monitored by the crew.

The plane, bound for Tampa and Fort Lauderdale, Fla., took off from National Airport in a severe snowstorm. It headed oorth from the airport at an unusually low climbing rate, according to several witnesses. Witnesses also said the aircraft's nose appeared to have been tilted at an imusually

high angle. The data from the recorder were made public on Monday by Fran-cis H. McAdams, the safety board member who is overseeing the ac-cident inquiry. "It would appear that the aircraft was not accelera-

ting as it should have," he said.
Rudy Kapustin, chief of the investigation staff in the case, referring to the indication that the plane's maximum altitude was 337 feet, said; 'The airplane under normal conditions would have been a lot higher at that point."

The safety board said the recorder showed the plane's speed had dropped to about 128 knots, or 147 miles per hour, at the time of the crash. Mr. McAdams said a speed of 123 knots was necessary to keep the jet aloft.

The recorder data have been sent to Seattle, where the Boeing Co., manufacturer of the plane, will correlate the information with data still to be obtained from the cockpit voice recorder and tapes of plane-to-tower conversations.

Ice Blocks Danube, Elbe

The Associated Press PRAGUE — Ice reaching a thickness of 60 centimeters (23 inches) has blocked navigation on the Danube and Elbe rivers, the Czechoslovak news agency CTK reported Tuesday.

# Slow Takeoff UN Body Grants Funds Found in Data For Third World Media

By Juan M. Vasquez

Los Angeles Times Service ACAPULCO, Mexico — Participants at a 35-nation conference on development of news and informa-tion programs have decided to provide nearly \$3 million to support 17 programs designed to improve communications in Third World countries.

The 10-day conference, which ended Monday, was the second meeting of the Unesco-backed In-ternational Program for Develop-ment of Communications. That program has generated a long and actimonious debate among nations over what some perceive as efforts to bolster state control of the news media.

Throughout the conference, the United States steadfastly refused to participate in direct funding for the program in favor of bilateral assistance to Third World nations. But the head of the U.S. delegation expressed satisfaction at the out-

"The viability of the enterprise is still in doubt, but it seems to be heading in the right direction," said William G. Harley, a State Department consultant to the United Nations Educational, Scientific and Cultural Organization. Mr. Harley was referring to the communications development pro-

Apparent U.S. Relief

His comment reflected apparent relief within the U.S. delegation that the conference did not discuss a number of ideological themes. Among the topics that have been discussed in the past — but were avoided here — were a code of conduct for journalists, the licensing of reporters, and a defini-tion of the so-called New World Information Order favored by some Uoesco members.

One of the contentions of the smaller nations is that Western news agencies such as The Associated Press and United Press International, both U.S.-based, domipate and slant the flow of news to and from their countries.

Thus, the conference approved \$100,000 to support the Pan-African News Agency, a consortium of 48 African nations that will provide news from that continent to its member countries. Similarly, \$80,000 was provided for support of a project called the Asia-Pacific News Network that will do much the same as the Pan-African News Agency in Asia.

In all, 54 projects were considered. They would have cost \$30 million if all had been approved. But the agency had only \$3.1 million in contributions in hand.

Mr. Harley said U.S. delegates had extracted a pledge from directors of the Pan-African News Agency oot to interfere with the work of competing international news agencies nor to try to become the exclusive distributors of news

That was one of the main fears expressed by the World Press Freedom Committee, a watchdog agen-cy in the realm of oews and information whose executive director, Dana Bullen, attended the conference as an official observer.

in any African country.

And the American Society of Newspaper Editors issued a state-ment opposing "without equivocation any attempt to approve or impose state monopoly or state cen-sorship of news through the muchdiscussed New World Information Order or anything resembling it."

At the close of the conference, Mr. Harley congratulated the participants for exercising "commendable restraint and ... the avoidance of political intrusions."

### Italy Sentences Libyan For Trying to Kill Exile The Associated Press

ROME - A Libyan has been sentenced to 15 years imprisonment for attempted murder in one of a series of shootings by so-called "death squads" who stalked Libyan exiles in Europe two years

Merwin Belgassem Mansur, 27, was convicted Monday of firing three pistol shots at Salem Mohammed Fezzani, a Rome restaurant owner, in May, 1980. The shots went wild as Mr. Fezzani threw himself to the floor of his restaurant. Police said Mr. Mansur told them he had been "sent by the Libyan people to kill opponents of the regime."



Gold Medal

Market Summary Odd-Lot Trading in N.Y.

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24% - Wa
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# Banco Ambrosiano (Overseas) Limited, Nassau

# Artoc Bank and Trust Limited, Nassau

Are pleased to announce that their respective shareholders are considering a merger of the two organisations. It is anticipated that this merger might be completed during the coming months and thereafter the new bank will embark on a programme of major business expansion in Europe, North Africa, Bahrain and the Far East.

The new group will be headquartered in the Bahamas.

# Ludwig Gives Ùp Jari To Brazilians

RIO DE JANEIRO — U.S. billionaire Dan-iel Ludwig has put his dream of carving a com-mercial empire out of the Amazoo jungle into

the hands of Brazilians. the hands of Brazilians.

In a ceremony at the presidential palace here, a group of Brazilian companies with government backing Monday took over key parts of the Ludwig business, ending a 15-year, billion-dollar struggle for the shipping magnate.

Mr. Ludwig, 85, was not present for the sale of forest lands, a wood-pulping operation, kaolin mineral deposits and herds of water huffalo, cattle and other property.

His vast rice-growing project as well as deposits of bauxite were not included, though the man behind the deal, businessman Augusto de Azevedo Antunes, was quoted in press reports

Azevedo Antunes, was quoted in press reports as saying further deals for these are sought.

The contract was signed by a Ludwig representative and officials of a new firm, Compan-bia do Jari, formed by 23 major Brazilian enterprises to run the project.

Historic Step Seen

In a speech, President Joao Figueiredo said the takeover hy Brazilian interests of the Jari project represented an historic step in the development of the Amazon.

Details of the deal were oot immediately clear although the state-controlled Banco do

Brasil was taking over Mr. Ludwig's biggest debt, 35.4 billion yen (\$153-million) owed to a Japanese firm, Ishikawajima-Harima Heavy Industries, for a wood-pulping factory.

Mr. Ludwig had the plant built in Japan and towed around the world and up the Amazon and Jari rivers where it was the main and lart rivers where it was the main a and Jari rivers where it was the main cog in a billion-dollar scheme to produce pulp for world markets, taking advantage of the jungle

climate to grow pulp trees rapidly.

Of \$100 million in capital for the Braziliancontrolled company, \$40 million was being put up by Mr. Azevedo Antunes' Caemi mining group in exchange for control of the deposits

of Kaolin, a white clay used in porcelain at paper-making.
The 22 other companies, which include mos

of Brazil's biggest private banks, insurance an construction companies, were investing equi shares of about \$2.7 million each.

In a letter to Mr. Azevedo Antunes, Plan ning Minister Antonio Delfim Netto said th government would be responsible for the communications, transport and other infrastruture of Jari, which covers 1.6 million hectart (4 million acres), or an area half the size of Belgium.

# U.S. Panel Backs Fees on Futures

United Press International
WASHINGTON — The Commodity Fi tures Trading Commission Tuesday voted t recommend that Congress adopt legislatia that would impose user fees on all commod

ties futures transactions. The revenues are in tended to offset the agency's expenses. The commission agreed with a staff recommendation that market participants who ar not members of an exchange or the National Futures Association should pay a higher fla fee per contract than exchange and NF.

members.

Philip Johnson, CFTC chairman, said the as a result of the commission's vote, the agenc in the next few months will include a propose fee on futures contract transactions in its rec ommendations to Congress for reauthorizin the CFTCs operations. The current authorit for the CFTC expires in October.

The exact size of the fee was not determined although the CFTC staff has been studing proposals aimed at raising \$15 million annually. The agency's entire budget in fiscal 1982 is \$1

1010150

in BELGUM

1988 690.3 22,40 1.06 1,980 1,330.0 45,10 2,12

1988 4.100.8 30.0 0.22 1988 N.A. 723.0 5.92

# **Confidence Counts**

WILLY DE CLERCQ has been in and out of the Belgian government since 1960 and has had wide experience in running Belgium's financial affairs. His Flemish Liberal Party gained in the fall general elections, and he is now back in charge of Belgian finances. He was interviewed by

Question: Belgium has lost some of its reputation for financial stability among international hankers. Will the government's program with its special powers help restore confidence?

Answer: There's no doubt about that. The urgent need for a pro-found change in the social-economic policy pursued until now is precisely the justification of these special powers. They are aimed at economic and financial recovery. the reform of public expenditure and the creation of jobs. These are not the only objectives.

The practical implementation of this change of policy can only be undertaken after the approval of special powers by Parliament (lower and upper bouses), but the content and spirit of the law in quesnon and the government's state-ment show clearly that the govern-ment's economic and financial policy is on the right path. Had Belgium followed this kind of policy over the past 10 years, it would oever have found itself in the situation to which you refer.

The new policy directly attacks the precarious situation in which we find ourselves. The characteris-tics of this are excessive burdens on firms - wages, fiscal and social commitments, interest rates and

These costs have led to a fall in firms' profitability, over-indebtedness, a decline in the willingness to

invest, a loss of their competitive position and, as a result, unemployment and a balance-of-pay-

### Cause and Effect

ments deficit.

The sharp rises in public expenditure, taxes and para-taxes — and the rise in the budget deficit are all linked to this general deteri-oration and play a complex role of cause and effect. Now we face the difficult road leading to the root of the trouble and recognition of the basic truth that the firm is the basis of the growth of the economy, just as the family is the living cell

This is why the government has emphasized the reduction of firms' tax liabilities, restraint for wages and social costs, special attention for productive investments and those for energy saving. Industrial restructuring also means risk capital, reduction of public and foreign debt, a lowering also of tension on the capital markets and lower interest.

This is not just a deflationary policy, for the thrust is for higher productivity, a movement from consumer to investment expenditure, a movement from the nonprofit and collective sectors toward a productive sector, which is the real basis for prosperity and future employment

The international situation is an



**JANUARY, 1982** 



Deputy Premier and Finance Minister Willy de Clerco

MONTHLY HIGHS AND LOWS

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structural change in the basic economic balances - external balcounts — even a dynamic interna-tional climate would not save our ty and so automatically and rapid-

country from a catastrophic setback. That's the reason for the new ance, public expenditure, firms' ac- policy, which is the only one that

**Brussels Stock Exchange Index** 

(Prices from Jan. 4, 1980, to Dec. 31, 1981)

ly re-establish our reputatioo abroad.

Honoring our foreign commitments and protecting our currency are well within our means, particularly as Belgium, despite everything, has managed to limit the

general rise in prices. Q.:There is widespread crincism over the level of public spending. How can the budget deficit be re-

A.A reduction of the budget deficit is a sine qua noo of eco-nomic recovery. With this in mind, the government will introduce a 1982 budget with a maximum defi-cit of 200 billion Belgian francs for current affairs, just as the EEC Commission recommended. The long-term government aim is to halve the overall public sector deficit, which will remove the need for

foreign borrowing.

Tax levels of all kinds in Belgium are oow such that one can no longer reduce the deficit by increasing this overall burden.

### Review of Taxes

On the contrary, firms' payments will be reduced while individual taxes will be reviewed with the intention of promoting the will to work and creating a more favor-able system for families.

Reducing all public expenditure in 1982 by BF130 billion (with the exception of interest on the public (Continued on Page 98)

# New Government Pins Hopes On Special Economic Powers

By Alan Tillier

TALK OF RUIN and oational new ecoter-right government adopts special powers in an effort to restore a near-bankrupt econotry. The special powers bill has passed the lower house and awaits Senate approval. The hill will en-able the new Christian Democrat and Liberal government to impose austerity measures for a year without parliamentary approval.

Premier Wilfried Martens, his fifth time in the top joh within the last three years, is to make a determined attack oo the massive publie and foreign debt. At the same time, he will reduce the tax burden on industry in the hope that Belginm's competitive position will be-come sharper. A third major policy move will be to persuade workers to suspend the wage indexation structure and accept a rise in the nation's wage bill of only 3 per-

The view is that Martens' new government could just pull it off. Polls give him a personal rating of 57 percent, while 44 percent against 37 percent approve of the oced for special economic powers that are wider than anything seen in recent years in Western Europe.

On New Year's Eve, the ball-room of the Hilton Hotel in Brussels was packed with Belgian re-velers spending franes galore and it was difficult to believe that Belgium was in the midst of a grave economic crisis. There is now general awareness, bowever, that the country is at a crucial stage, and one sure sign was that a "back-lash" from the Belgian Socialist Party, now out of power following

Friday closing price

40-week moving avg.

Weekly high,low

18-week moving avg.



Premier Willried Martens

the recent elections, and its union allies was oot immediately felt. Deputy Premier and Finance Minister Willy de Clercq pulled no punches, in his assessment of the situation before Parliament. He cited foreign debt of 388 billioo Belgian francs, weakness of the franc, a sharp drop in investments,

cent, an "explosioo" of the public debt — the net deficit of the state is 13 percent of the gross national product — excessive wage increases and hlatant lack of budgetary cootrol. In answer to this, the government was prepared to stimulate one hand, and reduce the wage bill

# Stock Market's Rally Seen as Only a Start

By Roland Leuschel

WHEN it became apparent in early December that a new strong government was taking over the international Brussels stock market turned Belgian again. Prior to Dec. 11, Belgian inves-

tors bought foreign stocks and sold Belgian stocks to foreigners. Since then, however, foreign investors have been buying even more Bel-gian stocks than Belgian investors

planned on selling.
The result was that the market posted a strong rally with large volumes traded. Trading in De-cember reached a record BF6.09

Foreign investors have reacted

favorably to the intended measures of the new government and have also taken

advantage of the high discount of the financial franc...

billion, 66 percent of which was in Belgian stocks and 34 percent in foreign stocks. Yet, for the whole year, volumes of foreign stocks (57 percent) continued to exceed those of Belgian stocks (43 percent).

The question is whether foreign investors are smarter than Belgian investors, and who will eventually make the greater profit. Only the future can tell.

Foreign investors reacted favor-

Roland Leuschel is an investment adviser with the Banque Bruxelles

fraining from stakes in industry,

iion, estimated 1981 profits BF1.8

billioo) from speaking ont force-fully in 1981 about the "dramatic"

ably to the intended measures of opportunities provided by the high

discount of the financial franc.

The tax incentives intended to stimulate stock market investment will leave Belgian taxpayers with the following options: · An income tax deduction of

at least BF50,000 (plus BF10,000 per dependent), provided that the amount is invested in Belgian stocks or in mutual funds incorporated in Belgium and invested in Belgian stocks.

 Or a 10-year exemption of in-come tax, inheritance and dona-tion duties on the amount invested in new shares issued by Belgian

Furthermore, the 6-percent val-ue-added tax on gold transactions is to be abolished.

When these measures are enacted, stock prices in Brussels are likely to surge strongly ahead, as did French stock prices after 1978 when the Loi Monory was passed (the index of French stocks rose more than 100 percent), and as did Swedish stock prices in 1981 when a similar law was introduced (the market advanced 50 percent).

# Cash Market Index

In recent weeks, the cash market index of Belgian stocks jumped ahead 20 percent and rose from its 1981 low of 69.53 to 88. Purchases came mainly from abroad and many Belgian investors availed themselves of the climb to accumulate unexpected capital gains. This new income might be used for fi-nancing the expected wave of capi-

The market will continue to rise.
This assumption rests on the following factors: Belgian stocks are still largely

undervalued. Based on the Banque Bruxelles Lambert (BBL) index, stocks are currently selling at less than 10 times estimated 1982 earn-

• The cash market index is still

58 percent away from its high of 142.33 registered in June, 1973.

• This year, a number of mutual funds might be set up by the big commercial banks and perhaps also by the semipublic funancial in

stitutions. Taxpayers in Belgium, even more than elsewhere, try to pay as hitle tax as possible. Inves-tors, for example, with a tax rate of percent (the maximum rate is 72 percent) would out pay BF4,400 for one Petrofina share, but in effect BF2,200 because of the new tax advantages.
As they could deduct an amount

from the dividend tax paid by the company in question equivalent to the interest due on their mortgage loans, some investments for Belgian resideots would yield up to 50

percent. According to preliminary estimates, these measures are expected to attract about BF10 billion of fresh capital to the stock market each year.

Capital Increases

Many companies will increase their capital. Under Belgian law, however, the issue price must exceed the par value of the stock. Banks regularly seek to raise their capital in order to bring their equity into line with total assets and the growth of their lending, whereas the public utilities will also be getting in line for ocw

Unlike what happened in the past, such capital increases should stimulate rather than depress the

market. Generous dividends, it is hoped, will attract investors. It is anticipated that another BF10 bilhon of tresh money will come into the market.

EUROPEAN INVESTMENT

Foreign investors at present have an advantage. They can still buy Belgian stocks at financial market rates, which are 12-percent lower than official market rates (the official market is regulated by the National Bank and used for commercial transactions). This discount may abruptly disappear, however, as soon as the feeling grows in the international financial community that Belgium will not devalue its currency.

Another important point is that

the rally in the stock market is due to foreign investors, and with the

creation of the oew mutual funds, the Belgian investors will step in after the foreign investors. Nor-

mally, the contrary happens.

The electric utilities INTER-COM and EBES, in particular, af-ford generous yields (more than 12 percent net for nonresidents). Other high-yield stocks include GB-INNO-BM, Tractionel and Solvay, Quality growth stocks such as Petrolina, Delhaize and Wagon-Lits will continue to be favored.

When the first unpopular economic measures are taken, the

market may be in for a setback.
That is the right time to commit
the second half of any funds earmarked for investment in Belgium. The first balf is ripe for investment

# Foreign Exchange: The Two-Tier Market

By Michael Sutton

LONE in Western Europe, Belgium and its smaller sister country, Luxembourg, have a twotier foreign exchange market in the framework of the Belgium-Luxembourg Economie Union (BLEU).

A "free" exchange market for

capital transactions was set up in 1954 alongside the "regulated" one for current-account payments. Initially, this free exchange market was open only for transactions within the European Payments Union, but as carfy as 1955 it was cularged to cover the dollar area as well. Despite its reticence about the very idea of a dual exchange rate system (of which one rate was floating), the International Mooetary Fund approved the BLEU's two-tier market arrangements almost from their outset.

Although the "free" or "finan-cial" market had been designed as a mechanism appropriate for the Belgian franc's position as a basi-cally strong currency, it came to be seen also as a useful mechanism under quite different circum-stances, it was able to serve as a safety valve that protected the "regulated" or "official" market — and hence the National Bank of Belgium's foreign exchange reserves - from speculative or other untoward capital-account

This was evident during the Belgian Congo crisis in the summer of 1960. It has also been evident in more recent years, including last year, when the Belgian frame has been buffeted on the exchange markets. Much of this speculation necessarily been confined to "financial" market, but it is only on the "official" market that National Bank has been obliged to intervene so as to respect the parity margins established under the European Monetary System (and earlier under the European "snake" agreement).
The division between types of

the other market has never corresponded exactly to the division in current account and capital account. Uoder the present BLEU exchange-cootrol arrangements governing the two markets, which apart from minor modifications have been in force since 1971, all trade-related payments as well as various service and transfer payments must pass through the "official" market

# Wide Spread

Some service and transfer payments (private travel expenses that are not paid through travel agencies and certain remittances) must be settled through the "financial" market, however. Some types of transactions may be channeled through either market: portfolio investment income (a current-account transaction in the balance of payments) and certain direct investments (capital-account trans-actions). Yet, the "official" market is essentially for current-account transactions and the "financial" one essentially for capital-account transactions. The volume of transactions settled through the "official" market is much greater than the volume settled through the

There has been a wide, if fluctuating, spread between rates oo the two markets, with the dollar (and other foreign currencies) at a premium on the "financial" one — that is, the dollar's rate in Belgian francs has been higher on the "financial" market than on the "official" one. In the second balf of 1981, this spread was enlarged to an unprecedented extent, reaching 16 percent before falling.

The reason for this relative

weakness of the Belgian frane on the "financial" market lies in the marked deterioration in the BLEU balance of payments since the mid-1970s. This has led to the Belgian currency's tendency to be weak on

(Continued on Page 8S)

# Belgians Urged to Employ Sharper Management Skills

By Jacques Thierry

FEW PEOPLE would dispute the fact that the Belgian economy is in serious trouble. Consumption is outstripping productive investment and exports. There is too much income alloted to bouseholds, but oot enough to the corporate sector, while public sector budgets are heavily out of balance due to the financing of an overextended welfare state. The nonproductive sector of the economy is developing at the expense of the productive sector, which is

shrinking in size.

The whole country is sold out and is going down." This is a remark on Britain made by one of the characters in Graham Greene's novel Travels With My Aunt," published more than 10 years ago.
As far as Belgium is concerned
and as a matter of principle, I personally refuse to go along with such pessimists, as I am convinced that it is not too late to take the the Belgian crists.

The Belgian population is pro-foundly attached to the kind of industrial and service economy it has built up since the early Industrial Revolution, not forgetting the large contribution of foreign investors, especially in the 1960s and 1970s. People are by and large ready to make the necessary effort in order to conserve the advantages of the way of life and standard of living reached at the beginning of the oil crisis. The Belgian populatioo could well accept changes that will be required.

**Economic Policy** 

A large amount of work has been done toward the diagnosis of the Belgian sickness and the formulation of a new economic policy. In the course of last year, the

Jacques Thierry is the president of the Banque Bruxelles Lambert.

corrective measures to overcome following political or academic re-

transaction to be settled on one or

search efforts were made • The emergency plan of Prime Minister Wilfried Martens presented on March 29, 1981, which caused the downfall of his fourth

 The blueprint of the Planning Office on Economic Perspectives and Medium-Term Strategy that appeared in May, 1981.

• The economic policy recom-mendation of the European Eco-nomic Community Commission to the Belgian government issued on July 22, 1981.

• The Report on the Ecocomic Future of Belgium, prepared on behalf of the King Baudouin Foundation by a group of eminent personalities chaired by Prof. H. Vander Eycken.

The new Martens government, which took office in December, 1981, has made clear its intention to give priority to a new economic and social policy and to the effec-



Jacques Thierry tive functioning of the recently rezionalized institutions of the coun-

People at large are becoming (Continued on Page 9S)

io the words of its new president, Edward Wauters. The bank's parent company, Almanii, offers a wide variety of financial services to the public and industry, but has no direct investment in industry as Societe Generale de Belgique does. This tradi-tional banking role has not pre-vented Kredietbank (79th in the world, balance sheet BF538 bil-

K REDIETBANK, a member of the Belgian economy. The adjective was used specifically to describe the state of public finances and the balance-of-pay-Bruxelles Lambert, has concentrated on the development of Flanders, its birthplace, on maintaining its fourth-ranking world position for Eurobond issues and on "re-

Banker: 'The World Needs

To See That There Is a Will'

Mr. Wanters says that the new government is "one of the best that has a chance of working. The coalition is good, its members are good and they are motivated by his tragic state of affairs. People here and abroad expect them to do something. If the government takes a firm stand, if it carries out its program, then Belgium's credit rating will even improve. The whole world, however, needs to see that there is a will."

The bank, formed in 1935 from the merger of two small Flemish banks, has increased its assets five (Continued on Page 9S)



Edward Wauters: A vote for austerity.

tion of marginal tax rates will also

trying to increase risk capital while

persuading workers that wage deflation is a necessity. It hopes that

1981's 1.25-percent drop in GNP

will move to a 1-percent rise this

year. Workers at the Bruxelles Lambert bank who have accepted

a 5-percent wage cut (bank profits rose from BF304 billion to BF723

billion) will set an example for oth-

Although Belgium wants to stop borrowing abroad, it will almost certainly have to go to the market again. The state's borrowing re-

quirement is expected to be in the BF500 billion to BF550 billion range this year. Mr. De Clercq and

his colleagues are hesitating about

whether to launch a \$1.5-billion

jumbo loan, given Belgium's un-certain rating but there is little doubt that the money will be

raised, albeit in smaller chunks.

The government is also raising BF40 billion to BF50 billion on the internal market with a 14.30-

lt seems determined to defend

the franc, despite rumors in other

capitals of a devaluation. The Bel-

gians have never formally de-valued their franc, and many

bankers feel a devaluation would

The view is that the government

will probably reject a devaluation,

if only for psychological reasons, and that it will not follow any pos-sible devaluation this year of the

French franc. A minority view,

however, is that the Belgian franc

could move downward by 7 per-

cent to 8 percent. As important are

concessions and loans designed to

bring home BF250 billion to

BF300 billion that are now abroad.

only increase the foreign debt.

percent loan.

ers, or so the government bopes.

The government is seriously

be undertaken.

### The Belgian Capital Market Total amounts floated in the past five years (billions of Belgian francs) 1980 1981 1979 1977 1978 1.70 0.31 5.59 Shares 10.23 9.54 Convertible bonds 2.50 0.38 Real estate certificates 0.33 0.90 2.45 Industrial bonds 5.00 5.00 3.63 154.80 144.00 Government bonds 167.80 185.00 196.00 67.50 Other bonds of the public sector 102.50 81.70 95.00 4.00 2.00 2.00 Bonds floated by international institutions 4.50 1.50

# Hopes Are Pinned on Special Powers

(Continued from Page 7S) and energy costs for firms on the

TOTALS

The special powers will run for an effective 10 months by the time the Senate has approved them. Some bankers take an alarmist view, saying that gold and foreign currency reserves total BF750 billion, against liabilities of BF550

Government and banks are aware that Belgium's prime rating on the Euromarket has been sapped by a long economic decline plus a year of political infighting that led finally to the election of a

seemingly strong government.
Belgium wants to reduce its dependence on foreign loans, which totaled BF230 billion last year. A banking world faced with Poland and Zaire is hardly likely to downgrade Belgium, yet a prominent Belgian banker stated: "It is clear that Belgium has lost its image over the past three or four years. On the other hand, Belgium is one of the richest countries of Western Europe. You just have to look at the high density of cars, banks. chemists, schools, home ownership. There are more bomeowners here than in West Germany. I myself am better-paid than I

would be in West Germany." The argument about economic slump also hides the fact that the Belgian worker is probably the most productive in Western Eu-

The Belgian disease is that public spending and handouts have raced away. The Belgians now are in for a year of austerity that could well extend in one form or another to a period of four years, given political approval. The planned measures include:

• The reduction of the standard corporation tax from 48 percent to 45 percent. These taxes had increased during the decade from 30 percent, and to 52 percent in some • The abolition of temporary

"solidarity" taxes.

• The replacement of existing tax incentives to stimulate investment by a tax deduction at the time of investment or by a change in permissible depreciation rates.

Tax incentives to stimulate stock market investment, particularly purchases of Belgian shares. There has been a mini-boom on the exchange since the government measures became known, with some shares posting gains of 30 percent to 50 percent. The government is introducing a scheme simi-lar to the Monory funds in France and that in Sweden, and investors will receive tax rebates that in effect halve the purchase price of

· Changes in the wage indexation system, although these have yet to be detailed. The government is hoping that workers will accept a drop in wages in return for job security. Middle-level cadres will probably be asked to make a greater sacrifice,

• Lower value-added tax rates for the building industry (17 percent to 6 percent).

• A halving of the public sector

deficit over four years to eliminate the need for foreign borrowing. The government turned to foreign borrowing as recently as 1978, but it tapped the market to such an extent that some U.S. and Swiss bankers have been wondering whether Belgium can maintain spreads of three-eights to one-half percent over Libor (the London inter-bank offered rate) when it comes to future loans, ft is likely

• A 1982 budget with a current deficit of at most BF200 billion, a figure that will have to be achieved through spending cutbacks of BF120 billion.

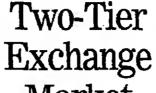
 A tax reform scheduled for 1983 that will introduce a lesser degree of progression for house-holds with large families. A reduc-

# Market

(Continued from Page 7S) the "financial" market as a result of capital outflows linked to the weaker state of the economy and periodic fears of devaluation vis-avis other European currencies. Such outflows have been quite substantial, given the openness of the Belgian economy and the absence of formal exchange controls on capital movements. The finan-cial franc is a de facto exchange

The phenomenon of the rapidly widening spread at times of in-tense speculative pressure is readihand, the pressure from speculaing light indicating adverse specu-

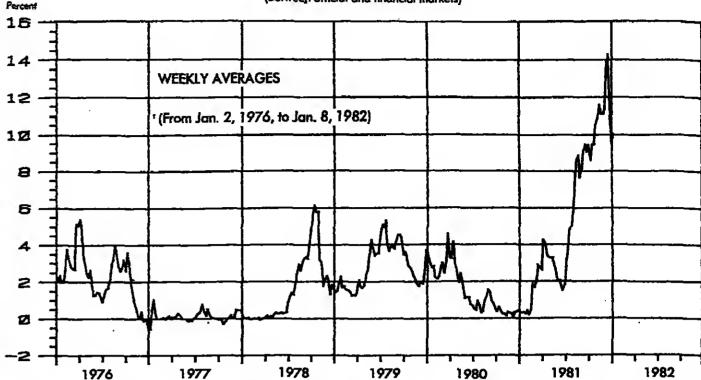
It would seem there were very substantial private-sector capital outflows in the second half of 1981, especially in the last quarter. Latest BLEU balance-of-payments



control; as rates drop, it theoreti-cally is supposed to inhibit the out-flow of funds.

ly explainable. If part of the pres-sure falls on the "official" market in the form of leads and lags in trade payments, it is countered there, insofar as is necessary, by the exchange market intervention of the National Bank. On the other tive capital movements is fully exerted on the "financial" market, where National Bank intervention is excluded in principle (although it is not ruled out). Hence, a rapidly widening dollar premium (or Belgian frane discount) on the "fi-nancial" market is a sort of warn-

# **Brussels Exchange Spread** (Between official and financial markets)



figures for the third quarter show an adverse trend.

After last summer, there was a deepening pessimism in Belgium, which was linked to the critical problem of Belgium's major budget deficit and the poor perform-ance of the economy as well as to the general economic and political situation in Europe. This climate was conducive to a diversification abroad of investment portfolios by Belgian residents. A special factor,

even if of only of marginal importance, was the attraction for many investors of the very high coupons on Euro-Canadian dollar bond issues in the last four months of

What eventually reversed the ever-greater spread between the rwo exchange markets at the end of last year (and dampened the speculation against the Belgian frane) was, first, the sharp tighten-

rional Bank in mid-December and second, the formation shortly afterward of the new right-of-center government

The spread is thus partly a func-tion of the degree of confidence in the Belgian franc. If the new goverament fulfills the expectations it has encouraged and makes major headway in redressing the chronic budget deficit and reinvigorating the economy, then it is likely that

directive becomes law.

change markets will eventually be reduced to more normal levels.

Otherwise, the two-tier exchange market will continue as in recent years to provide both a limited safety valve for adverse speculative capital pressures and a warning light showing that something may seriously be wrong.

Michael Sutton is an economis and a writer on Belgian financial of

# Banking Community Awaits Changes in Disclosure Laws

By Ludo Swolfs

TWO MAJOR areas are of particular importance in bank auditing and reporting in Belgium today: the proposed EEC banking directive and the problem of auditing standards. The new EEC directive will require some important changes in the laws governing pub-lie disclosure of banking informa-

The Fourth directive of the EEC on company law deals with the harmonization of annual accounts of private and public companies, but from the start it was clear that banks and other financial institutions merited separate legislation.

Until now, it has been mainly Alan Tillier, a Paris-based independent economic journalist, is a frequent contributor to IHT special the Belgian Banking Commission that laid down the legal framework for bank reporting and annual ac-

comis in the country. This commission is also responsible for monitoring all banking and financial activities in Belgium, with a view to protecting the interests of

In Belgium, the commission appoints special auditors (Reviseurs Agrees par la Cammission Bancaire/Revisoren Erkend door de Bankcommissie) who are selected from a restricted list of members of the Belgian Institute of Auditors. These auditors report to the commission. At present, there are only 44 such special auditors for the whole country.

Where a bank is incorporated with limited liability, Belgian company law also requires another auditor appointed by the sharehold-ers and who reports to them. Again, the audit can only be given to a member of the Institute, but not necessarily one on the restricted list.

# Strict Stundards

Auditing standards have been laid down by the Belgian Institute of Auditors for some years now, and in general they are comparable with and as strict as the standards in effect in the United States. Professionals of countries with a long-standing auditing tradition would be surprised, however, at the way in which such standards are often

The auditor is faced with the problem that with restricted fees and pressure from the banking commission to report non-audit matters as well (which is time-consuming), he cannot afford to live up to his auditing standards. This ambiguous situation is well understood, both by the auditors and the banks - but it seems that tradinon remains stronger than common sense. All the same, the auditors have not been completely in-

nocent about the situation. The result is that the auditors tend to rely to a large extent on the work of internal auditors and on conclusions on internal control that, from an international point of view, are

insufficiently supported. But the Belgian auditing profession, fortunately, cannot escape from the international evolution. A marked improvement in audit awareness bas already been achieved over the last few years and a proposed law will make sweeping changes to the legal framework within which the Belgian public accountants will operate in the future.

A question remains about whether the banking and business world in general will be willing to pay for the improvement in audit-ing standards. The alternative, however, appears to be even more expensive: the risk of being left behind in international mainstream

The bank directive will have a significant impact on the way banks report their annual activities to the public. Currently, banks apply a variety of accounting principles in areas such as foreign exchange, loan-loss provisions and valuation of securities, and the auditor has bitle support from his professional body in evaluating the validity of the various accounting principles that are used. He is, therefore, forced to rely almost entirely on his own judgment and guidelines made available by the banking commission which relate only to the valuation of securities. In certain cases, the auditor can refer to internationally accepted ac-

counting principles. Insofar as public disclosures for banks are concerned, the account-ing principles applied do not have to be presented in the annual report, and it is a fact that most

mation. All this will change, bowever, once the proposed banking

The challenge faced by Belgian bank auditors does not end with EEC legislation. The Belgian banking system has introduced a number of methods of serving its highly international clientele. Computer techniques such as SWIFT (in-ternational, automated money transfer system), automatic cash dispensers, and direct charges to accounts without intervening paperwork have appeared on the lgian scene.

But systems such as these are just a few of the innovations that necessitate specialized auditing techniques. To deal with this, auditing firms now employ highly trained computer auditors to devise techniques for sophisticated

computerized systems.

Belgium's banking community is in for a period of readjustment and reassessment. Belgian banks have in the past been international in outlook, placing a large proportion of their funds outside the country. Therefore, compliance with the forthcoming EEC legislation should not present a problem.

What role will the auditor play in the evolving situation? He will have to evaluate the accounting principles adopted by the bank and try to influence the principles that are chosen. The more public the rules and regulations in this area, the easier the auditor's task will become.

Ludo Swolfs is the manager of Ernst & Whinney, Brussels.

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# Colossus With Clout

dustry.

THE ADVENT of the new government was greeted by andi-ble sighs of relief in the seventhfloor directors' suites of the Societe Generale de Banque, the Belgian financial colossus.

The bank, which has about 35 percent of the market — Belgium's \$4 banks are divided roughly equally between Belgian banks, subsidiaries of foreign banks and branches of foreign banks — created a wave in government and banking circles by describing the government's economie management last year as futile. This was not a single shot at the politicians; in various studies the bank de-scribed the state's overspending as an intolerable burden and labeled foreign borrowing as a dead-end situation.

The bank carries clout because of its size, its traditional role since the last century as the financial backbone of the country, its link to the Societe Generale de Belgique holding company, which controls large sectors of Belgian industry. and because it regularly bails out the sick man of Belgian industry: the Cockerill-Sambre steel company in the southern, French-speak-ing part of the country.

# 'Duty to Explain'

The difference as 1981 drew to a close was that Societe Generale was not only openly criticizing the government but was leading something of a bankers' revolt by stat-ing that more funds for Cockerill-Sambre would depend on state guarantees and other strict conditions. Roger Alloo, one of the directors of the bank, stated: "We are asking for guarantees on old and new credits to the steel industry -not all of them, but a lot of

them."
The big Belgian banks do 50 percent of their business abroad, but Mr. Alloo added that his bank was still very much prepared to aid Belgian industry despite the Cock-

erill saga and last year's 4,000 ban-kruptcies. Speaking of last year's outburst by the banks, be said: "We did not want to criticize for the sake of criticizing, yet we felt the banks had a duty to explain the figures. We are awaiting confirmation of the government's intennons, but there is now hope in in-

The banks' major complaint has been that an avaricious govern-ment was mopping up far too many funds. Firms and individuals have suffered because public-sector demands have driven up interest rates to 14.5 percent and higher. Societe Generale expects 1981 profits to match the 1.9 billion Bel-gian francs of 1980, and the bank is extending its network of foreign branches by including Tokyo, Sin-gapore, Cologne, Madrid and else-where. As an institution that is now 160 years old and once served as a central bank, "ruled" the Con-go and established trading links all over the world, the Societe Generale has a highly important role in the bid for Belgian recovery.

The bank says that the state must change its spending habits so that Belgium can return to its postwar period of prosperity. It wants a cut in the \$10-billion drain on the domestic market by the state, and a restoration of saving levels. It stands against devaluation, but will continue to serve those Belgian clients "with a reasonable re-

At the holding company, a ma-jor reorganization in under way to strengthen the Societe Generale's position in the nonferrous metals sector, and its international financial presence in general. Complicated share deals have drawn criticism, but it appears that Societe Generale de Belgique will emerge as a reinforced industrial holding company as opposed to a financial

-ALAN TILLIER

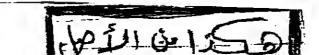
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# Nation's Commitment to EMS Stays Strong

Jacques Van Ypersele is chief aide to the Belgian premier.

By Jacques Van Ypersele THE RELATIVELY small size of the Belgian economy and the small weight — less than 10 percent — of the Belgian franc in the European Currency Unit

(ECU) basket mean that it would be presumptuous to claim that Beigium is one of the pillars of the European Monetary System (EMS).
Politically, the claim would

seem more valid. One cannot belp noncing the consistency and continuity with which successive Belgian governments since 1978 have given their strong support — and the active way they have sought to improve it.

In March, 1981, two years after the EMS had started and at a time of increasing concern in Europe over the fluctuations of the dollar, Premier Wilfried Martens emphasized to his European colleagues meeting in Maastricht the need to improve the coordination of intervention policies vis-a-vis the dollar.

### European Council

of Basis

State State

31.54

TO CLUMP

He proposed that the existing system of bilateral swap agree-ments between the U.S. Federal Reserve and the European central banks be replaced by a multilateral Fed-FECOM swap credit line, which could be used to stabilize the exchange markets within the EMS instead of creating tensions. as is often the case with uncoordinated bilateral interventions:

This proposal was revived by then-Premier Mark Eyskens at the latest European Council in London in November, along with other suggestions to strengthen the

EMS and extend the role of the in launching the European Econism of ECU creation, which is ECU. Mr. Eyskens also gave clear nomic Community. signals of the Belgians' intention to use their presidency of the EEC Council of Ministers during the first half of 1982 to promote im-

The reasons for this strong Bel-EMS are twofold. The first one can be found in the real economic advantages that a small, open economy like Belgium, in which exports represent 50 percent of the gross national product and in which 70 percent of foreign trade is oriented toward EEC partners, finds in the relative stability of ex-

Certainly, this stability was altered by a few parity realignments within the EMS, made necessary by the lack of convergence in economic results among member countries; but this did not prevent it from being a noticeable achieve ment, with tangible benefits for trade and investment, in the ocean of instability that the international monetary system has been for sev-

This is particularly important in a period where protectionist tendencies resurface too often, and where investment efforts to achieve structural adjustments in Western industrial economies are much needed.

The other reason for Belgium's attachment to the EMS is the nation's general political commitment to the cause of Europe and to the ideals of European integration. Almost 25 years ago, two Belgians, Paul-Henri Spaak and Baron Snoy

# Belgians Urged to Employ Sharper Management Skills

(Continued from Page 7S)

more conscious of the unavoidable nature of the adjustments that await us. There is a growing feeling that more effort should be concentrated not on resisting change, but on adapting to it and even bringing it about Jorge Luis Borges may be right when he observes that "cooservatives are irremediably lost due to their wrong choice of things to be conserved."

Statesmanship and management skill will be most welcome in Belgium in this period of rapid change

provements in the operation of the

ian commitment in favor of the change relationships brought about by the EMS for its members.

et d'Oppuers, played a leading role

and national emergency. A more entrepreneurial approach should be followed everywhere, from publie decision-makers at the highest

level down to every citizen who

should become a kind of en-

trepreneur for his own household,

at his job and within his communi-

This approach will make it possible to manage positively the crisis and to adjust to it, rather than passively let the whole economy be overwhelmed by its damaging con-

Those ideals were never seriously questioned by Belgian public opinion, and decisions aimed at strengthening European unity are bound to be looked upon favorably by Belgian opinion and political leadership alike.

Belgium intends to promote the EMS actively. When the EMS was created, future improvements were programmed into its evolution in the form of an institutional phase involving the establishment of the European Monetary Fund, which the system was to enter two years after its launching. But this second stage has been postponed.

A more pragmatic attitude is called for, eschewing any philo-sophical discussion of whether a particular reform belongs or not to the institutional phase, and asking what can be done now, in the line of what has already been decided, to improve the functioning of the EMS.

Bringing the pound sterling into the EMS exchange mechanism and thus making Britain a full-fledged member would be a major improvement in Belgian eyes. I be-lieve the time has come. If, as now expected, the British balance of payments deteriorates this year, to-gether with that of the United States, while it improves in West Germany, the entry of sterling into the EMS exchange mechanism would help fight inflation in Britain by protecting the pound against downward overshooting

### Stable Framework

It would also give British authorities a more stable framework in which to conduct macroeconomic policies than the singleminded pursuit of fixed - but clusive - monetary targets has given

A start should be made on giving substance to the future European Moneraty Fund by setting up a permanent fund board — with each central bank appointing one member — that would be endowed with the following responsibilities: The management of the EMS external reserves and the control of

the creation of ECUs. This would imply that transfers of dollars against ECUs by central banks to FECOM, which now take the form of three-month renewable swaps, become permanent. This would give the ECU a more permanent existence, and would therefore remove a big obstacle to its more extensive use. It would allow possible reforms in the mecha-

(Figures from balance sheets for 1980. Note that listings for ures. Other 1981 figures will be available in the spring ).

Millions BF 1. Societe Generale de Banque (1981, non-consol-

2. Banque Bruxelles Lambert (1981, non-consolidoted 3. Credit Communal de Belgique\* 4. Caisse Generole d'Epargne et de Retraite

ticularly in dollars. Our first task should be to try once again to persuade the U.S. authorities that 7. Credit Lyonnais their policy of benign neglect toward exchange rates is not conducive to good results and is detri-9. The Sumitomo Bank mental to Western economies. Cooperative Ouvriere Belge (COB) Authorities on both sides of the

Atlantic should give a clear signal that they care about the volatility of the dollar and that they want to reduce it. One way they could give such a signal while reinforcing policy coordination within the EMS would be to set up an EMS-Federal Reserve swap credit line to re-place the existing bilateral swap agreements. This EMF-Fed swap could be used in such a way as to stabilize the exchange market within the EMS instead of creating tensions, to the extent that the currency used by the Fed for reimbursing the EMF would not need to be the same as the one borrowed for in-

now the automatic result of

changes in the market values of.

The management of the very

The coordination of interven-

tions in third currencies, and par-

short-term and short-term credit

gold and dollars.

mechanisms.

The development of the permaboard's responsibilities in each of the above three areas would call for a parallel extention of the role of the ECU both in its official and in its private use.

Having recommended changes in the EMS, I want to stress that in my mind those initiatives should be accompanied in 1982 by a renewed and determined effort toward a greater convergence of our economies. Recently, the EEC Commission, basing itself on the necessary convergence implied by the EMS, has issued recommendations to Belgium and Italy. These two countries should make a major effort to take the necessary domestic adjustment measures.

This is part of the rules of the game of the EMS, Belgium, which is a strong advocate of strengthen-ing the EMS and moving to a furphase of its development, should also draw all the domestic policy implications of such a move. The economic program of the new Martens government, which aims to deal with the structural imbalances in public finance, balance of payments and employment, shows the clear will to do so.

It is to be hoped that in this first half of 1982, under the Belgian presidency, the Community will make progress in this area.

# Ranking of Major Belgian Banks

the Nos. 1, 2 and 5 banks give non-consolidated 1981 fig-

1.157.000 832,000

698.000 679,709 538,000 Kredietbank (1981, non-consolidated) 6. Societe Nationale de Credit a l'Industrie 341,239 316.986 8. Centrale des Caisses Ruroles (CERA) 148.143 132,903 132,465

11. Banque Europeenne de Credit 107.469 12. Banque de Paris et des Pays-Bas Belgique 103.294 13. Morgan Guaranty Trust Co. of N.Y. 97.850 14. Caisse Hypothecaire Anversoise (AN-HYP) 94,432 93.856 15. International Westminster Bank 16. Banque Nationale de Poris 87.802 84.335 17. The Mitsui Bank 73.990 18. Caisse Nationale de Credit Professionnel 71.804 19. Citibank N.A. 66,795 20. Barclays Bonk International

21. Caisse d'Epargne Ippa 22. Continental Bank 23. Algemene Bank Nederland 24. Banque Europeenne Arobe 25. Societe d'Hypoth. et d'Epargne d'Anvers

Savings bank,

# Banker: 'The World Needs To See That There Is a Will'

(Continued from Page 7S)

times in the last decade and has expanded its international activities, but has sought to abide by its motto: "The independent bank for dependent customers."

Kredietbank has suffered from the run of bankruptcies of Belgian firms and was badly hit recently when a Belgian building consortium was expelled from Saudi Arabia because of long delays on a major military housing project. Nevertheless, Mr. Wanters maintains that profits will hold up. "We calculated for a difficult year, but the banking sector won't be so badly affected as others."

He applauded as "a magnificent act" the Banque Nationale de Belgique's two-point raise in the discount rate in December, which stemmed -- at least temporarily -the speculation against the franc. "It was a must, but I do not ap-pland the decision later to lower the rate for the volatile way money crosses borders could lead to fur-Kredietbank's president is

54.803

46.639

44.356

38.734

37,432

against a devaluation of the Belgian franc, as he believes that one devaluation would lead to another and stoke inflation. Yet he thinks that there could well be a small devaluation this year. He supports the new government's upcoming austerity pro-

gram, saying that wages have risen too high, that the system of wage indexation should be modified once a year and not every month or so" - and that public expenditure and social security "excesses" should be cut. The main problem is wages, he believes: "We must hold them down."

—ALAN TILLUER

# **Confidence Counts**

(Continued from Page 7S)

debt) is an absolute necessity. The rise of public spending should be lower than that of consumer prices. The government also wants to introduce the principle of costing in the public sector. Other government measures involve a halt to recruiting and greater mobility for personnel. Reduction of the subsidies to public enterprises will be linked to rationalization. Social allowances will be more selective.

O.: Tax concessions for people investing in the stock market have had a stimulating effect. How do you see the Bourse and industry financing in 1982?

A.: Previous tax concessions for firms set up between March, 1977, and Dec. 31, 1983, will be extended so as to encourage the public to buy shares or take part in the raising of new capital. Measures under study include a one-year exoneration of taxes on income, exoneration of inheritance taxes and donations and, in another formula, the waiving of taxes on annual investments of BF50,000, a sum which can be increased for family mem-

### Rise on Bourse

Tax incentives announced in mid-December caused a rise on the Brussels Bourse, although they had not been outlined in detail. The new government has shown that it wants to pay more attention to firms' financing and to encouraging risk capital. It is resolutely opposed to debt-financing, which has been an unbearable financial strain on many firms in recent

Interest rates will fall when the public debt and the balance-ofpayments deficits are reduced, thus helping industry financing. We are preparing a program aimed at improving profitability and cash flow and therefore firms' investments and competitivity. What is of major importance is the control of cost prices plus the replacement of existing and insufficient tax incentives by a new integrated system in which priority is given to reducing the tax bill of firms. Belgium can then again become a country able to attract foreign inestment and encourage its own

Q.:Just bow actively will Belgium seek new foreign investment? Can you still attract foreign firms as you did a decade or so ago?
A.:In the "golden '60s," Belgium

was one of the most attractive countries for foreign investors. We still have this chance and the possibility of making use of it. The government will soon introduce a series of concrete measures designed

to reduce enterprises' costs and so make Belgium again an attractive country for the foreign investor. Certain "solidarity taxes" on large firms will be abolished. Basic company tax will be reduced from 48 percent, to 45 percent, Investors will have a choice between immediate tax relief at the time of investment or amortization based on

a higher value than acquisition. Production costs will be reduced by a reform of wage indexation and measures limiting the rise of the salary bill on the one haod and respecting social agreements on the other. A fall in the price of electricity will result from the

At the moment, our economy is without doubt 'blocked' ... but its strengths are intact.

forthcoming opening of nuclear power plants. A cut in the hudget deficit will tend to exercise downward pressure on internal interest

These steps will enhance Belgium's traditional advantages - a highly qualified and productive work force, the country's position in Europe, its developed communications networks and its openness

toward the world. Q.:Can Belgium produce a second postwar recovery? A.:My answer is assuredly posi-tive. At the moment, our economy

balance, excesses and a laissezaller, but its strengths are intact. Belgium still has many resources - the quality of its workers, an edand technically formed population, research laboratories that can match the best in certain sectors, a system of railways, routes, air and shipping lines that is the envy of others, firms that perform and that in some cases are in the forefront of technical prog-

We have the means to live better than at any time. We are living now above our means because we have been led toward an impasse that stifles our means of expression. In a sense, we are liv-ing below our possibilities because we are not using every available source for extra income.

Positive forces should once again give the lead. In the past, the country has proved what it is capable of. This government will prove to the country and the world that we can succeed with a new recov-





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Dated: January 27, 1982

DILLON, READ & CO. INC.

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New Issue January 27, 1982

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# BUSINESS NEWS BRIEFS Lenders to Ailing U.S. Airlines Fear a Major Bankruptcy

### Moody's Cuts Citicorp Debt Rating

NEW YORK - Moody's Investors Service said Tuesday it had lowered Citicorp's senior long-term debt rating to double-A from triple-A.

The change reflects Moody's view that the company's basic profitability will not permit retention of sufficient earnings to reduce significantly the present high leverage, it said. Moody's said that in recent years, Citicorp's declining profitability and aggressive asset expansion have resulted in steadily increased leverage. Standard & Poor's took a similar

action on Citicorp's senior debt in September, lowering its rating to double-A. plus from triple-A. Moody's said Citicorp has invested heavily in retail banking activities, some of which have produced losses. The long-range profitability and asset quality of the consumer business remains to be demonstrated, the rating agency said. In particular, the relationship between equity and loans, which historically has been the greatest source of credit risk, has

# BNOC to Present Plan for North Sea Clyde Field

LONDON —State-owned British National Oil Corp. will present a £1 billion development plan for the North Sea Clyde Field, to partners Royal Dutch-Shell Group and Exxon unit Esso Petroleum Ltd. within a few days, oil industry sources said Tuesday.

BNOC, which has a 51 percent share in Clyde, hopes to submit a formal development application to the Department of Energy within six months with the aim of achieving peak production in the field by early 1988, the sources said.

They said the production platform would be ordered in 1984, floated two years later and would come on stream in late 1987. The sources said the maximum average rate of production from Clyde, discovered in 1978, would be about 50,000 barrels a day. The field has reserves of around 140 million barrels, they said.

### Davy Plans £25.5 Million Rights Issue

LONDON - Davy Corp. said Tuesday it plans to raise about £25.5 million through an underwritten 1-for-4 rights issue at 140 pence a share. Davy said it decided to raise additional capital to cut its long-term debt, improve its debt-to-equity ratio and to provide financial flexibility for future business development,

The new shares will not receive the interim 2.2 pence dividend for the half year ended last Sept. 30. The board expects to declare a final dividend for fiscal 1982 ending March 31 of 5.17 pence, making 7.37 pence, a 10 percent rise on the previous year.

### Lloyds Bank to Buy Marsh & McLennan Unit

LONDON — Lloyds Bank's Lloyds & Scottish Ltd. has agreed to buy Bowmaker Ltd., a finance company, from C.T. Bowing, a subsidiary of Marsh & McLennan, for £80 million, a joint statement said Tuesday. The statement said Bowmaker on Monday paid Bowring a dividend of £13.5 million, while Lloyds & Scottish will pay £66.5 million on comple-

tion, making £80 million as total the amount that Bowring will receive. Bowmaker's consolidated 1981 pre-tax profit is estimated at £7.5 million. Bowmaker (Plant) Ltd., a distributor of tracked vehicle equipment, is not included in the sale. The eventual sale of Bowmaker has been expected since Marsh & McLennan, the U.S. insurance company, acquired Bowring over a year ago.

# Japan Moves to Lower **Nontariff Trade Curbs**

markets unless the Japanese allow

greater access to their markets for U.S. goods.

At the same time, Japan's for-eign minister, Yoshio Sakurauchi, told reporters "Japan is resolved to

have in place institutional arrange-

ments which we need not be

ashamed of when measured

against the principles of free trade...which is the driving force

behind the development of our

Mr. Sakurauchi said if the mea-sures adopted on Saturday are

seen to fall short of Western de-

The group has also decided to establish a high-level government panel, to be named the Office of Trade Ombudsman, designed to act more quickly in handling specific problems of market access raised by foreign entrepeneurs.

While the specific between the

While the specific barriers to be

nger car exports to the Unitpassenger car exports to the Unit-ed States, Mr. Abe pointed out

(Continued on Page 13, Col. 3)

were cautiously encouraged.

TOKYO - Calling the protect tionist mood in the U.S Congress "dangerous," Shintaro Abe, minister of international trade and industry, Tuesday declared that Japan next Saturday would an-nounce actions to lift some "67 or 68" nontariff trade barriers among 99, which have been cited by the United States and Europe.

Japan must take "great action" in the next two to three months to remove import barriers to forestall U.S. protectionism, Mr. Abe said. But he indicated that no action is yet being planned to remove any of Japan's remaining import quo-tas, 22 of which limit imports of agricultural goods, such as beef and citrus fruits.

The much-criticized nontariff barriers are viewed by the United States and the EEC as evidence that Japan is a closed market resistant to imports, yet exporting aggressively at the expense of other nations. Although Japan has reduced its tariffs, it maintains a number of less visible impediments to imports, such as uncommonly severe health and safety standards and testing requirements for some

products.

Back from a seven-day trip to the United States, Mr. Abe said he found the sentiment in Congress

With 10 million unemployed and an "unprecedented recession" in the U.S. anto industry, "a feeling of helplessness" prevails in the United States, be told a meeting of the Japan national press club.

"The next two to three months is the time for decision. If great action is not taken by then [by Japanl, I fear that the free trade system which has been built up until now may be upturned by the

Mr. Abe said Japan would dispatch special envoys to both the United States and Europe to explain the measures it will announce Saturday as well as measures it announced last month. The December measures, including a two-year speed-up in planned tariff reductions on some 1,600 import items, has so far been largely

ignored by Congress, he said.

Los Angeles Times Service
NEW YORK — Concern is mounting among lenders and suppliers to U.S. air-lines that the rapidly deteriorating finan-cial condition of half a dozen major carriers threatens to force one or more into bankruptcy, causing sizable write-offs at banks and insurance companies and a painful contraction of orders for aircraft.

By Linda Grant

"Do you realize," laments one New York banker, "that five major U.S. airlines right now are flirting with bankruptcy?" Adds another, "Instead of worrying about our Polish debt, you ought to be asking about our airline debt."

According to analysts, the domestic car-riers fighting for survival are Braniff International, Continental Airlines, Pan American World Airways, Republic Airlines and Vestern Airlines

The scope of Continental's problems was underscored Monday when the airline said it would lay off 1,500 employees and eck concessions from unions in an effort to cut costs by \$60 million. Other cutbacks include a management realignment that will eliminate 12 vice president positions, a reduction in routes and flights and the possible sale of some of its 73 aircraft. The chairman of a sixth carrier, Frank Borman of Eastern Air Lines, has told em-

ployees that the company, which lost \$65.9 million last year and has a heavy debt burden, must earn a profit in 1982 or face sharp cutbacks.

The airlines' creditors have thus far continued to support the carriers, in some cases by deferring payments on loans or extending new credits. Braniff, with \$161 million in principal and interest due Feb. 1, on Friday won extension of its debtrepayment schedule.

On the international front, Laker Airways, the British reduced-rate carrier, is also struggling. The airline's creditors recently agreed on a package to help Laker meet payments on its \$359-million debt. And in a gesture of support, McDonnell Douglas and General Electric Co., suppliers of Laker's DC-10 sircraft, and engines for both DC-10s and Airbus A-300s. said they had agreed to participate in the

financial restructuring.

Though the Financial Times reported that McDonnell Douglas and GE would invest \$9.4 million in Laker, a stake that could eventually turn into an shareholding of 10 to 20 percent, GE denies that it will make a cash injection or assume any equity in Laker. A McDonnell Douglas spokesman said the company will not comment on specifics of its agreement. Last year, the world's major airlines

Salomon Brothers, in a recent report,

racked up a staggering \$2.1 billion in losses. U.S.-based airlines — buffeted by recession, rising costs, reduced traffic from the air controllers strike, increased competition from deregulation and in some cases nearly suicidal fare wars — have chalked up record losses that could total \$300 million for 1981.

George James, chief economist for the Air Transport Association in Washington, D.C., says: "When final 1981 results are compiled, the industry could show its worst year ever. Moreover, prospects for 1982 are not encouraging, making the 1979-to-1982, four-year financial performance the worst in the history of scheduled airline service."

### Interest Forgiven

This outlook is causing plenty of discomfort for lenders to airlines. According to the Air Transport Association, the 16 largest U.S. carriers in 1981 had \$10.1 billion in long-term debt, including leases. Creditors are most concerned about possible write-offs, because they come directly out of profit. But the lenders are also unhappy about the alternative -- categorizing a sizable number of loans as "nonperforming assets," loans that collect no in-

most seriously troubled U.S. airlines. Dallas-based Braniff, with more than \$650 million in debt and substantial operating losses, no longer has any equity — its lia-bilities are greater than its assets. The only reason its planes continue to fly is that lenders have extended extraordinary sup-

The creditors, which include 22 banks, 15 insurance companies and two suppliers. Boeing and United Technologies Corp., deferred payments of \$83 million in principal and \$38 million in interest due last. July, and have forgiven all interest payments through Feb. 1. The big question is whether they will agree to similar terms for another eight months. If any one of the lander reference to go along Papaiff could lenders refuses to go along, Braniff could be forced into bankruptcy. Republic Airlines has been hemorrhag-

ing ever since the air controllers strike began last August. The Minneapolis-based airline grew rapidly in the past three years from three back-to-back mergers among North Central Airlines, Southern Airways and Hughes Airwest.

The mergers, plus big aircraft purchases, saddled the carrier with debt and operating problems that now threaten its existence. Compounding its problems is the fact that two-thirds of its \$700 million in

percentage point above the prime rate. So far Republic's lead lender, Citibank, and other major creditors including Conti-nental Illinois Bank, First National Bank of Chicago, Bank of America, Crocker National Bank and Security Pacific National Bank are working with Republic in an effort to cuf costs, defer aircraft purchases and sell some planes. But the market for

11

1989 4.100.6 30.0 0.22 1980 N.A. 721.0 5.92

7989 795.5 39.22 0.69 1980 2,800.0 141.2 2.51

used aircraft is already glutted, with more than 100 wide-body jets for sale. Also on the critical list is Pan Am. which ran out of cash last August only to be pulled from the brink by a hastily arranged loan. Pan Am was almost forced into bankruptcy, however, when Chase Manhattan Bank refused to go along with a new \$475-million line of credit to replace an older credit line. Chase's move caused some smaller banks in the 21-bank consortium led by Citibank to pull out, but the airline was saved by an emergency loan of \$200 million

Because the emergency loan had to be repaid by Dec. 1, Pan Am had no choice but to sell its Intercontinental Hotels subsidiary for \$500 million to Grand Metropolitan Ltd. of Britain. Cash from that sale is keeping Pan Am alive, but its heavy operating losses are shrinking its cash reserves day by day.

# London Officials Start **Inquiry on Tin Dealings**

LONDON - Fears of a squeeze in the tin market after extensive purchases by undisclosed buyers have forced the London Metal Exchange to start an investigation into trading by member firms.

"We are scrutinizing the tin records of dealing members because the abnormal situation, which has resulted from the activities of unknown buyers," says Philip Smith, chairman of the London Metal Exchange.

Extensive buying from what is thought to be either a Malaysian or other Asian tin producer increased prices by 26 percent in the past six months to well over \$7 a pound, dealers say. The jump oc-curred despite declining demand from recession-struck tin users. The buyers, acting through Mac-

Laine Watson & Co., a London metal exchange firm, and a divi-sion of Drexel Burnham Lambert Inc., initially began buying tin fu-tures in mid-1981 on the London exchange to support the price. However, producers, holders of tin stocks, merchants and speculators, sold London Metal Exchange tin futures, hoping to hedge their posi-

With the futures price weakening, the buyers changed tactics. In November, they began buying all physical tin available on the London exchange for cash, dealers say. The dealers add that these purchases forced the spot, or cash, price of tin to trade at a premium which is currently running at 6 percent or an equivalent 45 cents a pound over the three-months futures quote.

mands, there should then be a further "candid exchange of views". This has created the unusual sit-uation of spot tin selling at a high-er price than futures prices. Fu-Masumi Esaki, who heads a government party task force set up to deal with thorny trade issues, said Tuesday, that the "measures in spot, reflecting inventory costs. themselves will not completely solve the trade problem. We must

"Many tin traders sold forward in November to legitimately hedge their production and stocks

tures usually sell at premium over

against falling prices, but when de-livery dates fall due in February, they may be forced to cover in their positions at higher prices and incur a loss," says Brian Sheridan, tin dealer at Philipp & Lion, a London metal trading firm. He adds that there are insufficient tin stocks on the London Metal Exchange to match open short positions for the next two months.

The U.S. General Services Administration's sales from its tin stocknile have been buoyant of late, dealers say, because several traders have been buying GSA tin to fill their commitments on the London Metal Exchange. In December, the GSA allowed sales for export as well as for domestic uses.

"There could be a squeeze in February," says David William-son, tin consultant at Hargreaves Williamson, a metals trading and consulting firm, estimating that the mystery group had bought about 25,000 metric tons of tin, costing more than \$500 million. Those purchases represent about 10 percent of all 1981 tin produc-

Mr. Williamson suspects that with these resources, "it can only be governments or government-backed corporations" that are adds that these producing nations are hoping that the International Tin Council will eventually raise support prices and instruct its buffer stock manager to buy their surplus tin inventories.

Yet last week's London meeting of the International Tin Council, comprising most major tin producing and using countries, refused to accept producer demands to raise support prices.
"Consuming nations, including the United States, West Germany and Britain, were concerned about manipulation and refused to raise prices," says a delegate who at-tended last week's tin council

# NEW YORK - New York cerns about President Reagan's The Dow Jones industrial aver-

Stock Exchange prices ended nar-rowly lower Tuesday amid con-State of the Union speech later in

age rose 3.90 points in morning trading but then lost momentum in the afternoon and finished off 1.24 points at 841.51. Declines led advances by around 750 to 680 and volume widened to some 45 million shares from 43.2 million Mon-

of Bache Group said.

Analysts said stocks will probably fall if investors remain uncon-vinced that the President's policies will lead to reduced federal deficits. Investors are concerned that government will have to step up borrowing to finance the defi-cits, which in turn could push up interest rates.

Administration officials said Mr. Reagan will announce that he has rejected proposals for an increase in excise taxes. However, analysts said the mar-

ket may find encouragement from Federal Reserve Chamman Paul Volcker's statement that the Fed will not raise the discount rate im-A flury of lower earnings also

Food and Drug Administration said Bausch & Lomb, in a consent agreement, will halt sale, distribu-tion, promotion and advertising of its bifocal soft-contact lenses. The FDA said the company must apply to the agency for permission to market the lenses and must prove that they are effective.

# NYSE Prices Fed Has No Plan to Lift Key Rate

# Decline in **Slow Trading**

Investors are moving to the sidelines so they won't get caught if the market moves down tomorrow following the State of the Un-ion speech," Hildegarde Zagorski

weighed on the market. Issues that fell because of drops in profit in-cluded Louisiana Land, off 11/2 to 30%, Owens-Illinois, off 1/4 to 27, Freeport-McMoran 1% to 184, Robertshaw 1 to 214, U.S. Steel % to 24% and Standard Indiana % to In other corporate news, the

The agency said approval of such applications normally takes

### investor uncertainty over the pros-In London, the dollar closed at 2.3128 Deutsche marks, down

WASHINGTON — The Federal Reserve has no immediate plans to raise the discount rate it charges member banks, Chairman Paul Volcker said Tuesday in an ap-pearance before the Joint Econom-ics Committee of Congress.

In response to a question, Mr. Volcker said he does not ordinarily comment on the discount rate before a congressional hearing, but added that an increase "is not on my immediate agenda." Asked how long this situation would last, he said, "I'll make no comment on

Mr. Volcker's comments on the discount rate sent the dollar lower.

By William Borders

New York Times Service

Cars, the company making sports

cars in Belfast for the U.S. market,

is in serious financial difficulty, the U.K. Cabinet minister respon-

sible for Northern Ireland said

"The situation is extremely se-tions — very serious indeed,"

James Prior, the minister, told re-

porters who questioned him at a

public appearance in Belfast.

Asked if he was optimistic about

the company's future, he replied,

John Z. DeLorean, the former

General Motors executive who

founded the company, has called a special meeting of its board of di-rectors for Tuesday in New York to discuss the financial problems

and the British government's latest

and the fittissi government's fatest proposals for dealing with them. Mr. DeLorean is thought to be seeking new export finance guarantees from the government, which has already given the company more than £86 million in grants, loans and guarantees.

The generating of the form to be

The government is known to be

extremely reluctant to put any more money into the company, which has created 2,600 jobs in

pressed areas of the country. Plac-

ing it in Northern Ireland was a

major risk, which is why the gov-

eroment was willing to be so gen-crous with Mr. DeLorean, and for

I have never been optimistic

LONDON - DeLorean Motor

from 2.3405 at midsession and an opening 2.3355. Eurodollar rates shed as much as half a point after the remarks. In New York, the dollar was quoted in midsession trading at 2.3135 DM marks against an opening 2,3325 DML

In other testimony, the Fed chairman defended the central bank against charges that it was responsible for the current high level of interest rates, reiterated calls for budgetary restraint and blamed recent surges in the money-supply figures on technical factors. Mr. Voicker argued that high in-

it to fail would be a blow to North-

ern Irish hopes for a future beyond

the province's endless cycle of po-

"DeLorean has become a symbol of what could happen here if the killing could somehow be

stopped," a Belfast man said over

On the other hand, Prime Minis

ter Margaret Thatcher's Conserva-

tive government has never been as enthusiastic about the DeLorean

deal as was the previous Labor

Party government, which negotiat-

litical violence.

of defeat."

DeLorean Motors in Trouble,

Says Minister for N. Ireland

pects of large federal budget defi-cits than the Fed's monetary re-straint program. "I don't think those interest rates would be any lower if we were pursuing infla-tionary policies," be said. Mr. Volcker said recovery from the recession depends a lot on the performance of the financial mar-

gested the economy would improve if borrowers could raise money for longer terms at lower rates. The question was how to create this type of environment, he The Fed chairman said it ap-pears that the Federal Open Mar-

kets in the months ahead. He sug-

ket Committee, which will meet next week, will adopt monetary targets similar to those that were set in 1981.

Mr. Volcker warned that action is needed by Congress and the Reagan administration to convince the markets that they are working towards balancing the budget eventually. He said he was not so concerned about the current fiscal year's deficit because the country is mired in recession.

WEEKLY NOTIFICATION **COMPTREND II** A MANAGED COMMODITY ACCOUNT. EQUITY ON: JANUARY 1, 1982 \$100,000.00 JANUARY 21, 1982

The company's only product, the low-slung, stainless steel De-Lorean automobile, began rolling after all charges off the assembly line last spring, priced at \$25,000. By the end of last year, there were 3,000 of them U.S. roads, and the company had begun to show an operating profit. Industry analysts have said that sales have been relatively good, considering the state of the U.S. automobile market.

But the company needs capital to develop a second, larger car, without which it is thought to have little chance of independent survival. Three weeks ago, after it was forced to pull back a planned stock sale for the second time, Mr. DeLorean began to talk about "the possibility of a combination with another healthy automaker."

the weekend as rumors about the company spread. "If DeLorean can't make it, that will be a symbol **\$98,469.88** 

> EQUITY ON: **JANUARY 1,1981** \$100,000.00 DECEMBER 31,1981 \$237,214.03 1981 Performance +137% OVER \$4,000,000,00 UNDER MANAGEMENT For information call or write Royall Frazier or lan Somerville, TAPMAN: Trend Analysis and Portfolio Manage-Irend Analysis and Portfolio Manage-ment, Inc., Wall Street Plaza, New York, New York 10005, (212) 269-1041, TELEX BMI667173 UW. TAPMAN is a wholly owned subsidiary of Balfour, Maclaine International LTO.

### in the ways financial markets are Under the Gower proposals, the xisting council for the securities industry would coordinate the self-

**British Panel Asks Changes** 

lowered will not be known until later in the week, foreign officials LONDON — A study commis-sioned by the British government "Sixty-seven is a significant number," said William G. Barraclough, economic and commercial affairs counsellor at the U.S. Embassy in Tokyo. "And that's not the limit either." has recommended major changes

The study, prepared by Lau-rence Gower, a law professor, re-commends that current antifrand is be replaced by a system of self-regulatory agencies. Mr. Gower told a news confer-

Mr. Barraclough explained that Japanese government officials had informed him that of the 99 nonence Tuesday that at least four self-regulatory agencies would be needed, representing the stock extariff barriers in question, there were only eight that could not be changed. Accordingly, nontariff barriers in addition to the 67 may change, the takeover panel, invest-ment management and nonex-change dealings, and unit trusts. be dealt with in the near future.

Many of the nontariff barriers
are well-known. Pharmaceutical Additional agencies may be needed to protect investors in commodimports is one often-cited example.

Japan does not accept the healthtest results of other countries. markets, financial futures and

He said the planned London old futures market, in particular, Thus, an imported drug may wait as much as two years in Japanese calls for measures to protect investesting laboratories before it can tors and that writers of investment be marketed, giving domestic comadvisory letters should also fall unpanies time to develop a competder self-regulatory supervision. Asked about Japan's plans for its second year of restraints on

In Regulation of Markets The report was commissioned by the Trade Department follow-ing the failure of several invest-ment companies last year.

regulatory agencies. Government supervision under the Securities Act would be exercized by the Trade Department.

Mr. Gower said, however, that much would hinge on cooperation from key organizations, particular-ly the stock exchange and the merchant banks. He considered recommending a

U.S.-style Securities and Exchange Commission, but decided this would prove unacceptable to both government and financial markets. Mr. Gower noted his proposals are distinct from the tighter con-trols proposed last week by the Trade Department for licensed

dealers in securities under the Pre-

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holding company of International Isola Group, has been acquired by Essex Group, Inc., a subsidiary of United Technologies Corporation.

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January 1982

In Washington, Commerce Secretary Malcolm Baldrige said he will support legislation that would restrict Japanese access to U.S.

**CURRENCY RATES** 

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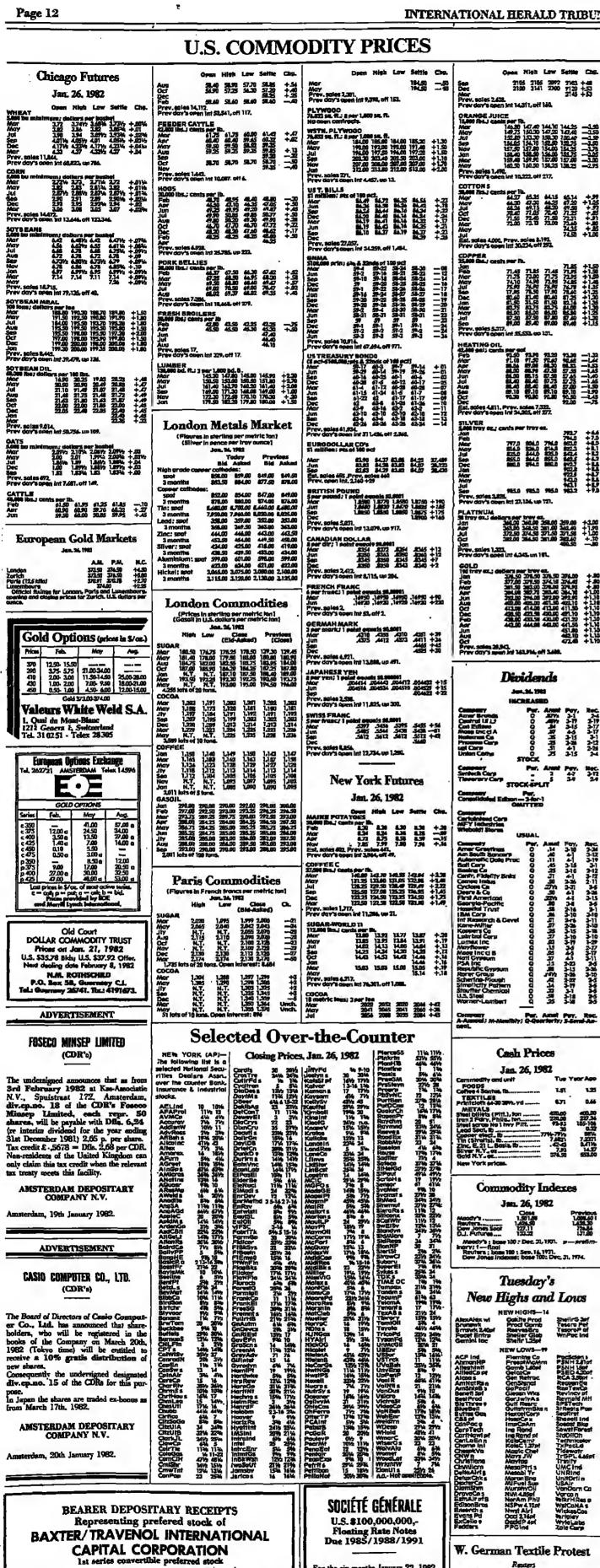
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competition and create turnoil within the EEC, the West German textile industry association. Gesamtiextil, said Monday. It asked Bonn and the EEC Commission to ston France from Jamesh. sion to stop France from launching a program of investment subsidies, help with textile employers'

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FRANKFURT — French government plans to aid its textile in-

dustry would drastically distort

social charges and a drive to sell domestic textiles.

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# **Exxon Bucks Profit Trend in Oils**

From Agency Dispatches
NEW YORK — Leading U.S. oil companies with the notable exception of Exxon have announced sharply higher earnings for the fourth quarter of 1981, despite the current sluggish state of the petro-

leum products market. Exxon, the world's largest oil company, Tuesday reported its fourth-quarter profits declined 20.5 percent, primarily because of the stronger U.S. dollar abroad. Analysts said Atlantic Richfield,

Union Oil of California and Ash-

land Oil were all able to improve

profitability by widening margins on their refining and retail sales operations and by bringing inven-tories back into balance with the reduced market demand.

Although refined product prices have been falling in the last six months, crude oil prices have begun to fall even faster after remaining stable in the first half of the year, enabling oil companies to restore their traditional profit margins. The companies' average cost of crude oil has fallen by about \$4 a barrel since March 1981, said Barry C. Good, oil analyst for

| Ashl               | and Oil   |          | Year           | 1981        | 1980      |
|--------------------|-----------|----------|----------------|-------------|-----------|
| 1st Quar.          | 1983      | 1989     | Revenue        | 114,989.0   | 110,381.0 |
| Revenue            | 2.342.6   | 1,969.4  | Profits        | 5.565.0     | 5,650.0   |
| Profits            | 20.24     | 47.60    | Per Shore      | 6.43        | 6.49      |
|                    | 1.40      |          |                |             |           |
| Per Share          | 1.40      | 0.55     | •              | W- AII      |           |
|                    |           |          |                | tty Oll     | 1988      |
| Attantic           | Richfield |          | _ 4th Quar.    | 1981        |           |
| 4th Quar.          | 1981      | 1980     | Revenue        | 3,470.0     | 2,970.0   |
| Revenue            | 7,100.0   | 7,400.0  | Profits        | 214.5       | 211.1     |
|                    | 469.B     |          | Per Share      | 2.63        | 2.57      |
|                    |           | 398.2    | Year           | 1987        | 1988      |
| Per Share          | 1.86      | 1.60     | Revenue        | 13.250.0    | 10,440.0  |
| Year               | 1981      | 1788     | Profits        | 856.9       | 871.9     |
| Revenue            | 28,200.0  | 24.100.0 | Per Share      | 10.42       | 10.60     |
| Profits            | 1,679.0   | 1.650.0  |                |             |           |
| Per Share          | 6.66      | 6.64     | Stop           | dard Oil    |           |
|                    |           |          | 4th Quar.      | 1967        | 1980      |
|                    |           |          | Revenue        | 7.800.0     | 7.700.0   |
| Ethy               | vi Corp.  |          | Profits        | 384.0       | 402.2     |
| 4th Quer.          | 1981      | 1780     | Per Share      | 1.29        | 1.38      |
| Revenue            | 430.3     | 431.4    | Year           | 1981        | 1980      |
| Profits            | 23.85     | 24.68    | Revenue        | 31,700.0    | 27,800.0  |
| Per Share          | 1.20      | 1,24     | Profits        | 1,920.0     | 1,910,0   |
| Year               | 1983      | 1980     | Par Share      | 6.56        | 4.54      |
| Revenue            | 1.760.0   | 1.740.0  | Las estatement |             |           |
| Profits            | 90.29     | 89.68    | Italon Oil     | of Californ | nia .     |
| Per Share          | 4.56      | 4.49     | 4th Quar.      | 1987        | 1986      |
| r E. Gildi Gillini |           |          | Revenue        | 2.910.B     | 2.690.0   |
|                    |           |          | Profits        | 236.0       | 177.2     |
| Eww                | оп Согр.  |          | Per Share      |             | 1.02      |
|                    |           |          |                |             | 1986      |
| 4th Quar.          | 1981      | 1980     | _Yeur          | 1981        | 10.500.0  |
| Revenue            | 29,583.0  | 29,759.0 | Revenue        | 11,300.0    |           |
| Prelits            | 1,065.0   | 1,340.0  | Profits        | 791.4       | 647.0     |
| Per Share          | 1.22      | 1.55     | Per Share,     | 4.56        | 3.73      |
|                    |           |          |                |             |           |

# COMPANY DEPODES

|              |                  |              | KEPOR                     |               |         |
|--------------|------------------|--------------|---------------------------|---------------|---------|
| Révenye      | Profits in Atlik | ps. in local | Correscine, onless otherw | fse indicated |         |
| Britaîn      |                  |              | Kimberly                  |               |         |
|              |                  |              | 4th Quar.                 | 1981          | 1980    |
| Rank O       | rganization      |              | Revenue                   | 730.1         | 680.4   |
| Year         | 1981             | i980         | Profito                   | 39.6          | 43.9    |
| Revenue      | 618.A            | 596.7        | Per Share                 | 1.80          | 1.92    |
| Profits      | 102.8            | 109.4        | Year                      | 1981          | 1980    |
| lanan        |                  |              | Revenue                   | 2,890,0       | 2,600.0 |
| Japan        |                  |              | Profits                   | 204.7         | 181.0   |
|              | ma Corp.         |              | Per Share                 | 9-12          | 7.85    |
| Year         | 1981             | 1960         | Ko                        | ppers         |         |
| Revenue      | 813,930.0        | 705,540.0    | 4th Quar.                 | 1981          | 1980    |
| Profits      | 16,050.0         | 14,340.0     | Revenue                   | 513,4         | 508.6   |
| TOKE         | Electronics      |              | Profits                   | 14.06         | 11.3    |
| Year         | 1981             | 1700         | Per Share                 | 0.43          | 0.41    |
| Revenue,     | 231,440.0        | 188,270.0    | Year                      | 1981          | 1980    |
| Profits      | 22,330.0         | 16.910.0     | Revenue                   | 2,020,0       | 1,930.0 |
|              |                  |              | Profits                   | 51.64         | 53.96   |
| United State | es.              |              | Per Share                 | 1.58          | 1.98    |
| Allis-Che    | almers Corp      |              | Merri                     | II Lynch      |         |
| 4th Qoar.    | 1981             | 1980         | 4th Quar.                 | 1981          | 1980    |
| Revenue      | 455.6            | 576.4        | Revenue                   | 1,120.0       | B53.4   |
| Profits      | 46.1 LOSS        | 13.7         | Profits                   | 54.83         | 51.72   |
| er Share     | 3.86             | 1.03         | Per Share                 | 1.37          | 1.35    |
| Year         | 1987             | 1990         | Year                      | 1767          | 1980    |
| Revenue      | 2.040.0          | 2.060.0      | Revenue                   | 4,040.0       | 3,020.0 |
| Profits      | 28.6 L.035       | 47.6         | Profits                   | 202.9         | 201.]   |
| Per Shore    | 2.86 Loss        | 3.56         | Per Share                 | 5.14          | 5.45    |
|              | can Brands       |              | Minnesota J               |               |         |
| 4th Quar.    | 1961             | 1980         | 4th Quar.                 | 1981          | 1780    |
| Revenue      | 1,660.0          | 1,800.0      | Revenue                   | 1,580.0       | 1,510.0 |
| Profils      | 1028             | 78.0         | Profits                   | 161.0         | 166.9   |
| Per Share    | 1.78             | 1.32         | Per Share                 | 1.37          | 1.42    |
| Year         | 1981             | 1980         | Year                      | 1981          | 7984    |
| Revenue      | 6,530.0          | 6.000.0      | Revenue                   | 6,510.0       | 6,080.0 |
| Profits      | 386.1            | 377.9        | Profits                   | 673.3         | 668.1   |
| Per Share    | 6.68             | . 6.50       | Per Shore                 | 5.74          | . 5.69  |
|              | re Bell<br>1981  | 1986         | -Mssouri Pe               | acific Cor    | ٥.      |
| 1st Quar.    |                  |              | th Quor.                  | 7781          | 1985    |
| Revenue      | 270.1            | 292.8        | Revenue                   | 673.9         | 620.6   |
| Profits      | 4.94             | 8.05         | Profits                   | 45.39         | 44.76   |
| Per Share    | 0.39             | . 0.04       | Per Share                 | 2.89          | 2.85    |
| В            | orden            |              | Year                      | 1981          | 1980    |
| 4th Quar.    | 1981             | 1986         | Revenue                   | 2.520.0       | 2.240.0 |
| Revenue      | 1,600,0          | 1,100.0      | Profits                   | 194.3         | 166.1   |
| Profits      | 42.40            | 33,60        | Per Share                 | 12.35         | 10.56   |
| Per Share    | 1.44             | 1.13         | - C. Company              |               |         |

| Alm            | e Bell              |          |            |            |           |     |
|----------------|---------------------|----------|------------|------------|-----------|-----|
| 1st Quar.      | 1981                | 1986     | Mssouri F  | acific Cor | p.        |     |
| Revenue        | 270.1               | 292.8    | tth Quar.  | 7781       | 1980      |     |
| Profits        | 4.94                | 8.05     | Revenue    | 673.9      | 620.6     | 1   |
| Per Share      | 0.39                | 0.66     | Profits    | 45.39      | 44.76     |     |
| Per Share      | . 0.37              |          | Per Shore  | 2.89       | 2.85      |     |
| Во             | erden               |          | Year       | 1981       | 1989      | 1   |
| 4th Quar.      | 1981                | 1986     | Revenue    | 2.520.0    | 2.240.0   |     |
| Revenue        | 1,600.0             | 1,100.0  | Profits    | 194.3      | 166.1     |     |
| Profits        | 42.40               | 33,80    | Per Shore  | 12.35      | 10.56     |     |
| Per Share      | 1.44                | 1.13     | Per 3000 0 | 1220       |           |     |
| Year           | 1981                | 1980     | -          |            |           |     |
| fievenue       | 4410.0              | 4.590.0  |            | & Gamble   | 1981      |     |
| Profits        | 159.9               | 147.5    | 2nd Quar,  | 1982       |           |     |
| Per Share      | 5.45                | 4.77     | Revenue    | 2,900.0    | 2,800.0   | •   |
|                |                     |          | Profits    | 191.0      | 158.0     |     |
| Bristo         | i-Myers             |          | Per Shore  | 2,31       | 1.91      |     |
| 4th Quar.      | 1981                | 1980     | 1st Half   | 1981       | 1786      | 1   |
| Revenue        | 671,0               | 803.7    | Revenue    | 5,900.0    | 5,700.0   | •   |
| Profits        | 80.73               | 71.35    | Profits    | 414.0      | 352.0     | 1   |
| Per Share      | 1,21                | 1,08     | Per Share  | 5.01       | 4.25      | - 1 |
| Year           | 1981                | 1780     |            |            |           |     |
| Revenue        | 3.500.0             | 3,160.0  | Transw     | orld Corp. |           | 1   |
| Profits        | 305.8               | 270.6    | 4th Quar.  | 1981       | 1988      | 1   |
| Per Shore      | 4.5B                | 4.08     | Revenue    | 1,240.0    | 1.240.0   | •   |
|                |                     |          | Profits    | 9.2 Loss   | 14,7 Loss |     |
| Consolido      | ited Edison         |          | Per Share  | 0.76       | 1.24      |     |
| 4th Quar.      | 1921                | 1780     | Year       | 1781       | 1980      |     |
| Revenue        | 1.120.0             | 998.0    | Revenue    | 5,270.0    | 4,990.0   |     |
| Prolits        | 84.40               | 61.20    | Profits    | 64.3       | 67,6      | ,   |
| Per Share      | 1.17                | 0.81     | Per Shore  | 2.30       | 2.84      |     |
| Yeur           | 1981                | 1760     |            |            |           |     |
| Revenue        | 4.860.0             | 3.940.0  | U.S. St    | teel Corp. |           |     |
| Profits        | 407.A               | 293.1    | 4th Quar.  | . 1781     | 1980      | 1   |
| Per Shore      | 6.44                | 4.67     | Revenue    | 3,300.0    | 3,400,0   | 1   |
| Let althermine |                     |          | Profits    | 701.0      | 190,6     |     |
| Consolidate    | d Foods Cor         | ъ.       | Per Shore  | 1.13       | . 216     | '   |
| 2nd Quar.      | 1982                | 1981     | Year       | 1981       | 1780      |     |
| Revenue        | 1,440.0             | 1,440.0  | Revenue    | 13,900.0   | 72,500.0  | ٠,  |
| Profits        | 37.0 .              | 32.5     | Profits    | 1,080.0    | 504.5     | -   |
| Per Shore      | 1.23                | 1.02     | Per Shore  | 12.07      | 5.77      | •   |
| 6 Months       | 1981                | 1980     |            |            |           |     |
| Revenue        | 2.860.0             | 2.860.0  | Wave       | rhaeuser   |           | •   |
| Profits        | 72.0                | 65.8     | 47b Quar.  | 1981       | 1986      | 1   |
| Per Share      | 2.52                | 2.16     | Revenue    | 1,100.0    | 1,100.0   | -   |
|                |                     |          | Profits    | 52.49      | 44.13     |     |
| Consolidated   | i Freightwa<br>1921 | A2 1680- | Per Shore  | 0.35       | 0.33      | -   |
|                |                     |          |            |            |           |     |

274.3 16.67 1.27

| 4th Quar.            | 1981            | 1986            |  |
|----------------------|-----------------|-----------------|--|
| Revenue              | 1,100.0         | 1,100,0         |  |
| Profits<br>Per Shore | · 52.49<br>0.35 | · 44.13         |  |
| Year                 | 1961            | 1980            |  |
| Profits              | 4,500,6<br>N.A. | 4,500,6<br>N.A. |  |
| Per Shore            | 1.67            | 2,47            |  |
|                      |                 |                 |  |

| Revenue   | 1,140.0    | 1,11/ U. |
|-----------|------------|----------|
| Prolits   | 63.95      | 52.3     |
| Per Share | 4.81       | 3,9      |
| Control C | oata Corp. |          |
| 4th Quar. | 1961       | 196      |
| Revenue   | B59.0      | 768.     |
| Profits   | 42.90      | 36.2     |
|           | 1.12       | 0.9      |
| Per Shore |            | 198      |
| Year      | 1981       |          |
| Revenue   | 3,106.0    | 2,770    |
| Prefits   | 170.6      | 150      |
| Per Share | 4,48       | 4.2      |
| Crown Z   | ellerbach  |          |
|           | -          | 781      |

| Prefits   | 170.6<br>4.48 | 150   |
|-----------|---------------|-------|
| Crown Z   | ellerbach     |       |
| Year      | 1961          | 191   |
| Revenue   | 3,150,0       | 3,070 |
| Profils   | 75.30         | 97.4  |
| Per Share | 2,47          | 3.4   |
| Easter    | Airlines      |       |
| 4th Quar. | 1981          | 19    |
| Devenue   | 3 000         | 901   |

|   | Per Share  | 2,41       |           |
|---|------------|------------|-----------|
|   | Easter     | n Airlines |           |
|   | 4th Quar.  | 1981       | 1980      |
|   | Revenue    | 892.6      | 891,4     |
|   | Profits    | 26.7 Loss  | 17,4      |
|   | Per Share  | 1.20 Loss  | 0.60      |
|   | Year       | 1961       | 1980      |
|   | Revenue    | 3.730.0    | 3.450.0   |
|   | Profils    | 65.9 Loss  | 17.4 LOSS |
|   | Per Share, | 3.44 Loss  | 0.97 LOSS |
|   | É.F.       | . Hutton   |           |
|   | 4th Quar.  | - 1981     | 1980      |
|   | Revenue    | 405.0      | 313.0     |
| ı | Prolifs    | 23.60      | 23.30     |
|   |            |            |           |

|    | Revenue    | 3,730.0    | 3,450,0   |
|----|------------|------------|-----------|
|    | Profils    | 65.9 Loss  | 17.4 LOSS |
|    | Per Share, | 3.44 Loss  | 0.97 LOSS |
|    | É.F.       | . Hutton   |           |
|    | 4th Quar.  | - 1981     | 1789      |
| •  |            | 405.0      | 313.0     |
|    | Revenue    |            |           |
| -1 | Prolits    | 23.60      | 23.30     |
| ı. | Per Share, | - 27       | 1.31      |
| 1  | Yeor       | 1981       | 1986      |
| v  |            | 1,440.0    | 1,130.0   |
| •  | Revenue    | 78.80      | 82.60     |
|    | Profits    |            |           |
|    | Per Share  | 4,31       | 4.93      |
|    | Golden W   | est Financ | :lal      |
|    |            | 1981       | 1989      |
|    | ath Quar.  |            | 149.5     |
|    | Revenue    | 160.5      |           |
|    | Profits    | 15.9 Loss  | 10.2      |
|    | Per Share  | 0.77 Loss  | 0.48      |
|    | Year       | 1981       | 1980      |
|    | Revenue    | 624.1      | 485.3     |
|    | RCYCING    |            | -10-100   |

| Per Share    | 4,31        | 4.93          |
|--------------|-------------|---------------|
| Golden W     | est Financi | al            |
| 4th Quar.    | 1981        | 1989          |
| Revenue      | 160.5       | 149.5         |
|              | 15.9 Loss   | 10.2          |
| Profits      |             | 0.48          |
| Per Share    | 0.77 Loss   |               |
| Year         | 1987        | 1980          |
| Revenue      | 624.1       | 485.3         |
| Preilts      | 19.2 Loss   | 38.1          |
| Por Sharo    | 0.93 Loss   | 1.80          |
| ~ur \$110ru, | U.TO L.UDD  |               |
|              | nd Steel    |               |
| 4th Quar.    | 1981        | 1 <b>98</b> 0 |
| Revenue      | 8143        | 884.4         |
| Profits      | 1.6 LOSS    | 31.4          |
| Por Share    | COP LOSS .  | 1.49          |
|              |             |               |
| Year         | 1981        | 1980          |
| Revenue      | 3,750.0     | 3,260.0       |
| Drafte.      |             | 20 40         |

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Morgan Stanley, but the price of their gasoline at the pump has

slipped by only half as much.

The impression exists that the oil business has somehow fallen to pieces, but that is not true at all." remarked Todd L. Bergman, oil analyst for Goldman, Sachs. "The companies that properly perform the basics of the oil business production and refining - are still very good shape, despite the softness of the market."

Industry analysts note, however, that the erosion of product prices appeared to be gaining strength in the closing weeks of 1981, as the the closing weeks of 1981, as the recession began biting deeper into the U.S. economy. Henry L. Wojtyla, an analyst for the brokerage firm Rosenkrantz, Ehrenkrantz, Lyon & Ross, predicted that the downward spiral of product prices would gain speed in 1982 and significantly erode oil companies' profits. companies' profits.

Analysis had expected Exxon and Standard Oil of California (the fourth largest U.S. oil company, which announced a fourth-quarter earnings decline of 7 percent), which are partners in the Arabian-American Oil Co, that produces the bulk of Saudi Ara-bia's oil, to record lower fourthquarter earnings because the Saudis raised their crude by \$2 a barrel Oct. 1 despite the global oil glut. But Exxon, which is more vulnerable to fluctuations in the U.S. dollar than other major oil companies, had a sharper slump than most analysts had projected.

Exxon's earnings for the full year 1981 were down 1.5 percent from 1980 results. Exxon said the strengthening U.S. dollar resulted in foreign ex-change translation losses of \$195 million in the 1981 fourth quarter in contrast to gains of \$222 million in the 1980 fourth quarter.

# Japan Sets Plan to Drop Trade Bars

(Continued from Page 11) that a voluntary agreement Japan enforced beginning last April 1 called for a 16.5 percent share of expected gains in total 1982 U.S. car sales to be added to the 1,680,000 quota on first-year Japanese car exports. He refused to predict, however, whether that provision would be carried out.

"Fundamental (to a decision on the second-year quotal is the se-vere condition of the U.S. auto in-dustry," he said.

In a related development, the Finance Ministry announced Tues-day that Japan will lead importers about \$500 million from its foreign exchange account for emergency imports to reduce Japan's growing The dollars will be lent through

the Japanese Export-Import Bank for periods ranging from six months to five years at an interest rate equivalent to the six-month U.S. Treasury bill rate plus an Ex-Im fee of 0.125 percent.

Approval for lending under the system will be given between now and March 31, 1983, the ministry

The Ex-Im Bank also said the the amount of leading might be in-creased in the future, if the yen ap-preciates substantially against the dollar and the need for using Japan's external reserves for yen-sup-port operations dwindles.

Meanwhile, Michio Watanabe, Japan's finance minister and Harno Mackawa, head of the central bank, expressed concern over the recent sharp depreciation of the yen against the dollar.

Mr. Watanabe told a press con-

ference that the yen had depreciated a bit too much, falling apparently because of market expectations that the U.S. monetary policy may be tighten again leading to a further rise in U.S. interest rates. Mr. Mackawa said a close watch

over the weakening trend of the yen is needed. He told a conference of the bank's branch managers that such a stance is necessary cause the international situation is fluid and wide differentials remain between Japanese and overseas interest rates.

# INTERNATIONAL BUSINESS OPPORTUNITIES



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# **Floating Rate Notes**

Closing prices, Jan. 26, 1982

| D                               | anks                     |                      |                      |                   | Issuer-Min con-Mat.                             | Course                      | Next                                 |    |
|---------------------------------|--------------------------|----------------------|----------------------|-------------------|---|-----------------------------|--------------------------------------|----|
| CPH-Mot.                        | Coupon                   | Next                 | Bid                  | Askd              | Korea Dev.Bk 7/2-81                             | 13 3/14                     |                                      |    |
| roh 514-83                      | 1914                     | 2-24                 | 1001e                | 1017              | LTCB 636-82                                     | 16 5/16                     | 6-3<br>7-27<br>2-15                  | ti |
| 54-84                           | 189/16                   | 3-30<br>7-6          | 9914                 | 77%               | LTCB 6-83                                       | 1915                        | 2-15                                 | 1  |
| 82-85                           | 16 13/16                 | 10-22                | 100%                 | 100%              | LTCB SIA-85                                     | 1411/14                     | 5-12                                 | 1  |
| ken 7-84                        | 13%                      | 64                   | 9992                 | 100               | LTCB 514-86                                     | 13 1/16                     | 415                                  | 3  |
| Sonk 61/2-83                    | 197/16                   | 2-3<br>4-5           | 991/4                | 100               | LTCB 592-37v R9                                 | 15 5/16                     | 7.19                                 | 4  |
| Rico 614-85                     | 144                      | 6-11                 | 97%                  |                   | Lloyds Eurofin 714-83<br>Lloyds Eurofin 514-92  | 17 15/16                    | 5-28                                 |    |
| LOCION 3-83                     | 1511/16                  | 7-26                 | -                    | 10004             | Lloyds Eurofin 514-93                           | 137e<br>177a                | 4-29                                 | -  |
| lacion 7-86                     | 16%                      | 7-26<br>3-24<br>4-23 | 7772                 | 10044             | Lloyds Eurofin 514-93<br>ManHon O'seas 514-94   | 1214                        | 2-26                                 | •  |
| facion 6-87                     | 1311/16                  | 7.7                  |                      | 97.42             | Widland Bank 8-82<br>Midland Bank 712-83        | 137/16                      | 5-15                                 |    |
| no 4.97/41                      | 17                       | 47                   | 769/2<br>100<br>100  | 10076             | Aldigand Intt 6-87                              | 1950                        | 2-24                                 | "  |
| zii 6-44-82                     | 1914                     | 2-17                 | 100                  | =                 | Midland Intt 5-89                               | 151/16                      | 22-6                                 | 1  |
| carollo 9½-87                   | 1476                     | 4-11<br>5-17         | 9615<br>9812         | 98%<br>98%<br>98% | Midland Intl 9-91<br>Midland Intl 54-92         | 131176                      | 430                                  | 1  |
| F14-85                          | 13V2                     | 5-10                 | 98                   | 181               | Midland Init 5/2-93                             | 15 11/12                    | 7-26                                 | 3  |
| on 744-83                       | 18 5/76                  | 41                   | 9834                 | 77-6              | Not Westmin 51/2-70                             | 15W                         | 7-26                                 | į  |
| k 616-84                        | 17 1/16                  | 42                   | 99                   | 100               | Noti Westmin 5%-91                              | 153/16                      | 7-15                                 | 3  |
| V2-89/94                        | 14 15/16                 | 7-13                 | 9974<br>9874<br>9974 | DO 1/.            | Noti Westmin 54-92<br>Noti Westmin 54-94        | 1646                        | 424                                  | 1  |
| 514-89<br>cl 514-70             | 12 13/16                 | 2-26                 | 99%                  | 9994              | Nati Bk Conada 514-88                           | 17 5/16                     | 1 14<br>1 24<br>6 24                 | į  |
| 01 514-90<br>01 514-91          | 171/16                   | 418                  |                      |                   | Nippon Credit 514-85                            | 153/14                      | 6-24                                 | 19 |
| d 471/ 80                       | 13 15/16                 | 32                   | 991/2<br>981/2       | 9872              | Nippon Credit 615-86<br>Neglibra Fin 572-88     | 15%<br>13%                  | 7-14<br>7-14                         | 3  |
| cotis 544-93                    | 171/14                   | 4-29                 | 99V2                 |                   | Nacional Fin 51/2 -86                           | 153/76                      | 6-24                                 | 3  |
| 40-510 BID-01                   | 137/16                   | 5-10                 | 9712                 | 99.74             | Nacional Fln 51/2-86/91                         | 175/16                      | 5-24<br>3-25<br>7-7                  | Š  |
| ldg 1987<br>Fe <i>b</i> 1988/97 | 19                       | 7-26                 | 9914                 | POZE              | National Fin 6-85/93<br>Nordic Infl \$14-71     | 15%                         | 7.7                                  | 1  |
| Dec1988/91                      | 124                      | 2-4<br>6-10          | 98                   | 787               | Oetterreisch Bk 514-86                          | 1544                        | 5-18                                 | 3  |
| 10a 5¼-87                       | 1576                     | 427                  | 2700                 | 9944              | Pk Banken 5-88/91                               | 14%                         | 6-17                                 | •  |
| kdg 5V2-93                      | 1674<br>1314             | 5-20                 | 991/2                | 7974              | Bk Scotland 794-83                              | 14%                         | 5-12                                 | 10 |
| erie 876-64                     | 19 15/14                 | 29                   | 100                  | 1001/2            | Bk Scotland 514-86/94<br>Security Pac 514-88/91 | 14 11/16                    | 4-14<br>5-24                         | 3  |
| Occ 61/2-83                     | 1514                     | 7-15                 | 100                  | 100               | Sonwa Inti Fin 5%-88                            | 174                         | 7.74                                 | i  |
| 574-85                          | 13Va<br>147/16           | 2-20<br>2-17         | 9816<br>9916         | 9934              | S.G. Alsoc.54-89/97<br>SGB 594-87               | 157/16                      | 7-15                                 | •  |
|                                 | 773/16                   | 4.29                 | 10034                | 70004             | SGB 594-87<br>SGB 1989/92                       | 1514                        | 7-15<br>4-30<br>4-30<br>5-28<br>2-16 | 5  |
| R3                              | 1946                     | 2 26                 | 100%                 | 1001/2            | Stond, & Chart, 614-84                          | 1215/16                     | 5.28                                 | ì  |
| 97<br>98                        | 1644                     | 7-27                 | 9914                 | 993 <sub>M</sub>  | Stond. & Chart, 5V2-90                          | 19                          | 2-16                                 | •  |
| 58                              | 16 15/16<br>19 5/16      | 4-28<br>3-1          | 100%                 | 100m              | Stond & Chort.514-90                            | 19 1/16                     | 3-9<br>5-10                          | 3  |
|                                 | 15%                      | 7-21                 | 100                  | 10054             | Stond & Chart, 514-91<br>Stone Bk Inch 674-87   | 135/16                      | 5-26                                 | 1  |
| 4                               | 19                       | 2.21                 | 1001/6               | 100V2             | Sumiformo Fin 572-88                            | 199/14                      | 2-8                                  | į  |
| /48                             | 16 <sup>34</sup><br>1870 | 1-29                 | 9942                 | 99%<br>100%       | Svenska Handels 5-87                            | 1514                        | 7-15                                 | 5  |
|                                 | 19 1/16                  | 8-22                 | 9972                 | 9975              | Starebooken 6-87<br>Ste Fin Europ 514-88        | 137/16                      | 4-21<br>5-19                         | 2  |
|                                 | 1396                     | 6-11                 | 9814                 | 98V2              | Sundsvollabken 6-85                             | 17                          | 4-8                                  | 10 |
| 300S 5-90                       | 14 11/36                 | <u>6-15</u>          | 9954                 | 100               | Trade Develop 6-86                              | 19Vz                        | 2-24                                 | 9  |
| 15805 5-95<br>nk 4-89           | 103/16                   | 1-29<br>2 26         | 99%                  | 9944              | That Farmers 74-84                              | 153/16                      | 6-23                                 |    |
| ak 514-88/97                    | 1476                     | 415                  | 9812                 | 963k              | UBAF 694-82<br>UBAF 7%-82                       | 17 15/16<br>13 1/16         | 3-28<br>6-9                          | 10 |
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| M-RRN                           | 14 %                     | 1-29                 | 9944                 | 999a              | Union Norway 4-89                               | 14 23/16                    | 7-8<br>5-17                          | 9  |
| dtd                             | 12 13/16                 | 3-10<br>4-13         |                      | 180<br>100        | United O'seas 4-83                              | 147/16                      | 5-17                                 | 3  |
| M-C wt                          | 12                       | 3.2                  | 99%                  | 9914              | United O'seos 6-89<br>Urgullo Inti 6-86         | 747/16<br>17 <del>1</del> 4 | 3-31<br>3-23                         | ì  |
| 3                               | 1844                     | 1-29                 | 9914                 | 994m              | WIL Glyn's Bk 54-91                             | 191/2                       | 2-26                                 | 10 |
|                                 | 159/16                   | 2-5                  | 9874                 | 994               | Zentrolspork, 544-91                            | 14 15/16                    | 7-12                                 | 7  |
|                                 | 147/16                   | 2-8<br>4-17          | 9874                 | 700               |   | m                           |                                      |    |
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# Moët-Hennessy

# INTERIM DIVIDEND INCREASED

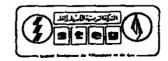
At the meeting of 8th January 1982 the Board of Directors declared an interim dividend of Fr. 7 with a tex credit of Fr. 3.50, i.e. a total dividend of Fr. 10.50. In 1981 the interim dividend amounted to Fr. 6, and to Fr. 9 with tax credit.

This dividend is payable from 1st February 1982, against coupon No. 33.

The Chairman stated that the activities of the group were very satisfactory and confirmed that the turnover and consolidated results would be significantly higher for 1981.

# REPUBLIC OF TUNISIA

SOCIETE TUNISIENNE DE L'ELECTRICITE ET DU GAZ



# INTERNATIONAL TENDER OFFER

As part of its transpart network development sub program N° 2, the Société Tunisienne de l'Electricité et du Goz (STEG) is in the process of soliciting an international tender offer for the supply, the assembling and the set up of the following equipments:

--- three autotransformers HT/HT - fourteen transformers HT/MT.

The entire equipment necessary for the construction of eight new HT/MT power stations and the extension of nine HT/MT existing stations.

Contractors who are interested in the present offer, may obtain their tender files as of January 25th 1982 at the Head Office of the STEG:

"Département Equipement Réseau de Transport"

Building "F" 38, rue Kemal Ataturk Tunis, Tunisia

against payment of two hundred (200) Tunisian Dinars, or their equivalent in foreign currency.

The conditions of contract must be collected no later than February 12th 1982.

The state of the s

# Now opened Total sales 4,301,822 share

**Montreal Stocks** Closing Prices, Jan. 25, 1982

227k 23 ~ 101/2 101/2 ~ 171/2 171/2 ~ 121/2 127k 381/4 387k 4 4 134/4 131/4 ~ 134/4 241/4 ~ 241/4 241/4 ~

Canadian Indexes Jen. 26, 1762

274,26 1,721,30

# ADVERTISEMENT

CBS INC. (CDR's)

The undersigned announces that as from 3rd February 1982 at Kas-Association N.V.. Spuistraat 172, Amsterdam, div.ep.no. 32 of the CDR's CBS INC... each repr. 10 shares, will be psyable with Dfis. 14,78 net (div.per record-date 11.25.1981; gross \$ .70 p. sh.) after deduction of 15% USA-tax = \$ 1.05 =

Onction of 15% USA-tax — 9 100 —
Dile. 2.64 per CDR.
Div.cps. belonging to non-residents of The
Netherlands will be paid after deduction of
an additional 15% USA-tax (= \$ 1.05 = Dils. 2,64) with Dils. 12,14 net. AMSTERDAM DEPOSITARY

Amsterdam, 20th January 1982.

fixed time deposits.

All interest paid is net and without de ductions (toxes, etc.) at source,

All transactions confidential, Deposits are unconditionally guar
Write to Manager for further info

produce maximum interest while at the same time giving flexibility of choice and obsolute security for your money. Keep what you have samed and beat inflation with the following interest rates. GUARANTEED,

**NET RETURN** 

Minimum deposit equivalent £500.

Withdrawals in any amount can be ef-

fected on maturity of the agreed notice. Interest paid or credited yearly
 Amounts quoted are based on

BEAT INFLATION GUARANTEED DOLLAR (Con.) 17 PESETA (Spon.) 15,25% DOLLAR (U.S.) 15 STERLING (5) 15,75% FRANC (French) 18,25%

Tėlex 645 189

Ughthouse Development Europe Point P.O. Box 363 - Gibralter Tel.: 72546, Telest: 2297 STRABS

We are pleased to announce that

# John G. McCarthy, Jr.

has been elected

a Senior Vice President

in our London office.

# RUSSELL REYNOLDS ASSOCIATES. INC.

**Executive Recruiting Consultanto** 1 Mount Street, London W1

CHICAGO CLEVELAND DALLAS HONG KONG LONDON LOS ANGELES MADRID PARIS SAN FRANCISCO STAMFORD WASHINGTON, DC

# **PARANA MEDIO**

International Public Invitation to Tender Nº 108/81

Agua y Energía Electrica Sociedad del Estado

Invites competitive bidding from consulting firms in order to select a contractor for consultancy services required for comprehensive review and critical analysis of documentation for the detailed design (Proyecto Ejecutivo) of Cierre Sur (Chapeton) (Main Dam at Chapeton), review and/or development of construction work and equipment schedules, updating of economic and financial studies, and the development of a project management organization chart.

This International Invitation to Tender is open local consulting firms (either individually or associated), or for foreign ones belonging to countries holding diplomatic relations with the Argentine Republic. It shall be mandatory that foreign bidders be associated to one or more Argentine independent or syndicated consulting firms. The contract shall be awarded upon consideration of background, methodology, personnel involved in the work, and general qualification, together with the premise of reasonable pricing.

The tender dossier may be obtained from AyE, Lavalle 1554, 1er. piso, Oficina 107, (1325) Buenos Aires, República Argentina starting January 4, 1982 from 8:30 a.m. to 12:30 p.m. Price of each copy: TWENTY MILLION PESOS (\$ 20,000,000), (approximately

u\$s 2,000). Tenders may be submitted before 12 a.m., March 30, 1982 whereupon all bids shall be opened in the presence of interested parties attending at the time, and a record of the procedure shall be duly drawn up.



AGUA Y ENERGIA ELECTRICA

**ACROSS** 1 Chie 6 Kind of cure 16 Native of Ayr 14 Spectrum item 15 Islamic title 16 One of the

17 Waft from the 18 It goes with 19 Kopeck, e.g. 20 In a sorry state -Gauche

(Left Bank) 23 Clothing fabric 24 Genders 25 "There ought to be \_\_\_\_ barometer 31 Bailiwick

Dunkirk: 1940 37 Disconcerts 39 Acetone, to 40 Dangerfield's 41 Scott heroine

33 Survivor of

45 "Simon 46 Sheet-metal . cutter 49 Greek actress 51 Kind of dancer 52 Fretful sorts **57** Protection

59 Keyboard material 60 Cartoonist who invented Santa's

colorful costume **61** Inlets 62 He wrote "Too Late the Phalarope" 63 Crumbs

64 French anagram for 65 Run off together DOWN

1 "Get lost!" 2 Philippine Moslem 3 Asymmetrical 4 Group famed as fiddlers 5 Salvers 6 Word in a

sequel title 7 Become known 8 Painter of mirrors 9 Deuce topper 10 They're above

criticism 11 --- de guerre (French medal) 12 Word with green or branch

photo 21 Bogota's

neighbor 24 "Pari -Rigoletto aria 25 Jewish month 26 Organ division 27 It follows amo 28 Requisites for Gibson girls 30 Use tracing

paper "Do—a Waltz?" 34 Optical layer 35 Start of a child's rhyme 36 Alexandrian and Napoleonic 38 "Give her the

gas!"
43 Noted soprano of the past 44 Revolt 46 Crater explored by Apollo 17

47 Abraham's bondwoman 48 Occur 50 Filch 52 Word with live or high 53 Of

grandparents 54 Newspaper section, for short 55 De-

(unwanted) 56 New Year's

### 13 Works on a 58 Crucifix letters

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### ADVERTISEMENT INTERNATIONAL FUNDS January 26, 1982

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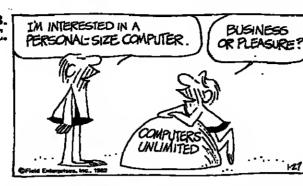
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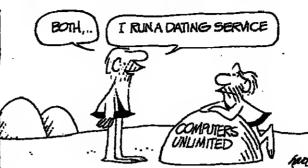


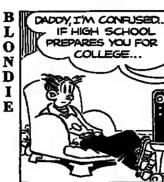
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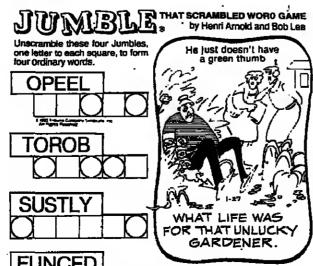




DENNIS THE MENACE



<del>46</del>



**FUNCED** ied by the above cartoon Answer: NO

Jumbles: LINER MINUS CHARGE PENMAN Answer Metal devices that help keep locks in place —HAIRPINS

Imprimé par P.I.O. I. Boulevard Ney 75018 Paris

'I still don't know which is the Sex AND WHICH IS THE VIOLENCE."

# **BOOKS**

### ALL THAT IS SOLID MELTS INTO AIR The Experience of Modernity

By Marshall Berman. 384 pp. \$17.50. Simon & Schuster, 1230 Avenue of the Americas, New York 10020.

### Reviewed by John Leonard

CONTEMPLATING a story by Gogol in which a woman floats through the air on her own sleeves. Marshall Berman says, "Gogol seems to be inventing the 20th century out of his own head." Berman, a professor of political science at the City University of New York, improves on Gogol In this brilliant and exasperating book, he invents the last 200 years of Western intellectual history. Those who float on his sleeves include Goethe, Marx, Baudelaire, Dostoyevsky and the "spectral" city of St. Petersburg, According to Berman, all that is modern, in literature and the arts, in architecture and in politics, is

sexy. Sexy? Yes. You will wonder what happened to the wasteland and the abyss, to alienation and dissonance, to negation, repression, abasement, dread, entropy, anguish, gulag, inter-nal contradictions and bad faith. A remarkably cheerful Berman suggests that in the free market of modernity everything is pregnant with its contrary." Among the contraries are fluidity, convergence, spontaneity, woo-der, heroism, electricity, fusion, nourishment, joy and metamorphosis. We may not be happy, but just wait; we will never be bored. In the streets, something exciting will occur.

You probably thought that Part 2 of Goethe's "Faust" was tedious and abstract; Berman reads it as an epic of capitalist development and a medita-tion on the high human cost of utopian engineering. You might have imag-ined that Marx was unfriendly to the bourgeoisie: Berman, instead, gives us a Marx impressed by the liberating energies of the new middle class, a Marx who would enjoy a California be-in, a Marx who winks like Buddha. Didn't Baudelaire feel bad most of the time io Paris? On the contrary, oo the boulevard, the poet was elated. Wasn't Dostoyevsky contemptuous and fearful of radicalism? Not so, says Berman; he merely objected to the "routine" of modernization, not to the "adventure," As for St, Petersburg, the mother city of so many revolutions, well - even men who are modern need home and ghosts.

Berman knows the bad news: Lenin and Stalin and Hitler. He insists, however, oo the good news; an under-ground that finds its collective voice and dances at its "primal scene," Like Antonio Gramsci, he indulges "pessi-mism of the intellect, optimism of the will." And he is a genius at quoting from others to his own advantage. In his previous book, "The Politics of Authenticity" (1970), he managed to make Montesquieu sound like a revolutionary. Io this one, whose title is borrowed from "The Communist Manifesto," he makes Marx sound like a Dadaist or Cubist or Futurist or Constructivist. He ordains the joy of disintegration and renewal. Being modern means forgetting to say you're sorry.

Being modern also means being citified, like Dickens in London, Whit-man in New York, Joyce in Dublin, Balzac and Baudelaire in Paris, Pushkin and Gogol and Chernyshevsky and Dostoyevsky and Mandelstam in St. Petersburg and Petrograd and Leningrad. The streets are for demonstrating, the vortex is a theater, the abyss is to swim in, the traffic jam is a pep rally, despair is fecund, internal contradictions breed chains of daisies, and the dialectic is a sex act.

In the cities, according to Berman. there is culture as well as macadam. Culture riots, just like the economy. Money, like art, begets images and fetishes. We seek, in politics and liter-ature and "public spaces," to be accommodated rather than commodi-



fied. Underground, "windowless monads," we want dignity and joy. Outside, jangled and pushed, we are what Joyce called "a shout in the

street. We will bounce free. By the very logic of capitalism, we will develop our own market; we will be "on the road and in the way," moving no matter how much we want to stay put. We melt into something new. Being mod-ern is being radical, not disposable.

### Art for Art's Sake

Berman moves from the street to the interstate highway to explain why Robert Moses was the answer to Allen Ginsberg's question. "What sphinx of cement and aluminum hacked open their skulls and ate up their brains and imagination." He compares Jones Beach, unfavorably, with Coney Island. He perceives American skyscrapers as suburbs and exurbs, the terrible crystal palaces of Dostoyevsky's dark imagination, denying the city and its shout. He is unkind to Daniel Bell, Michel Foucault, Turn genev, the "art for art's sake" of Flau-bert and the "pure science" of Au-guste Comte. Being modern is being new, whether we like it or pot.

He likes it, Berman. Seize the day and change the world. Modernism is "a permanent revolution," full of radical sunrise and great dawn. We synthesize ourselves, without tears. Forget the ghost of Maodelstam: "he roles the executions on his tongue like berries." Forget Contrad's Mistah-Kurtz: "Exterminate all the brutes!" Forget the modernist reactionaries like Pound and Eliot and D.H. Lawrence. The erotics of the new will be erice. The erous of the new will be as innocent as Berman and I imagined in the 1960s; Woodstock lives, and Karl Marx never sang at Altamont, and Molly Bloom is the girl next door.

"All That Is Solid Melts Into Air" is a wonderful book, but it is secretly a novel. I've read Goethe, Marx, Buddeling and Doctaters at I've.

Baudelaire and Dostoyevsky, and I've been to Leningrad, Berman, generous and exuberant and dazzling, has been somewhere else, with a "shadow passport," inventing another history and literature, a romance of great ideas. I love this book and wish that I believed it.

John Leonard is on the staff of The New York Times.

### **Best Sellers**

The New York Times This list is based on reports from more than 1,400 bookstores throughout the United States, Weeks on list are not necessarily consecutive.

# FICTION

4 NO TIME FOR TEARS, by Cynthia Freeman SPRING MOON, by Bette Bao RABBIT IS RICH, by John Up-REMEMBRANCE, by Danicile

14 RED DRAGON, by Thomas

15 THE BOOK OF LIGHTS, by

NONFICTION

9 LAID BACK IN WASHINGTON, by Art Buchwald...

10 ELIZABETH TAYLOR: The Last
Star, by Kiny Kelley.

11 ELVIS, by Albert Goldman...

12 THE NEW JAMES BEARD, by
James Beard...

13 AT DAWN WE SLEPT, by Gordon W. Prange
14 MISS PIGGY'S GUIDE TO
LIFE, by Miss Piggs as told to
Henry Reard...

15 THE BEST OF DEAR ABBY, by
Abigail Van Bucep.

# BRIDGE

THOSE who like to test their skill in dummy play should cover the East-West hands on the diagramed deal and plan their moves in a contract of four spades. The opposing bidding should be taken into account: West has opened the bidding with one

heart and subsequently bid clubs; East has responded one no-trump.

In playing four spades, South has plenty of clues to the distribution. West's eagerness to show clubs at the three-level suggests that he has five cards in that suit as well as in hearts. And he must have at least one spade and probably two since East did not bid that suit in response to one heart.

The lead of the diamond deuce

looks very much like a singleton. Even if the card led were a higher spot. South should draw the same conclusion, for West's most likely contribution, all things considered, is 2-5-1-5. There are two reasons for thinking that East has the ace or king of clubs. He played the diamond three on the first round, which looks very much

like a suit-preference signal for the low-ranking suit. West would proba-bly have led an A-K combination if he had been able to do so. So South has plenty of information,

But how should he play? Any routine play is obviously due to fail. If he draws trumps, he will have four losers. And if he does not draw trumps, East will gain the lead in clubs to give his partner a diamond ruff.

But if South had drawn the right

By Alan Truscott cooclusion about the distribution, be can take advantage of the fact that West has only two trumps. He should take the spade are and the spade queen, and then lead his singleton

West prust surely have the heart act for his opening bid if he is missing a top club. So if West plays low on the heart lead, the king is played from dummy. And if West takes the uce of hearts, the defense cannot take more than three tricks. And they will only get two as it happens if West fails to shift to clubs.

> NORTH ♦AKJ ⊽KJ975 **\$1998** 476

WEST (D) **432** ♥A8643 **♣**AQJ104

SOUTH **♦Q10987** 

EAST

**4654** 

♦ AKQJ **4853** IN.T. Pass

West led the diamond two.

W110150

11

Split on the Men's Tennis Tour:

# A House Isn't a Home If There's No One in It

By Rob Hughes International Herald Tribune

LONDON - The concept of the Englishman's home as his castle now threatens his national game in a way visiting Americans fied in-

Last weekend, an American houseguest and I went our separate sporting ways, I to work on a soccer cup match, he to a cinema in London to watch his beloved

### SOCCER SCENE

San Francisco 49ers triumph in the Super Bowl. Traditions, and lack of time to coordinate our move-

ments, split us up.

But as we swapped anecdotes, I grew to appreciate how much more I knew of the venue of his team's success than he of our stadiums. I had watched soccer and U.S. foot-ball, basketball and a pop festival in the Pontiac Silverdome; it would be very unlikely indeed to see anything but soccer in one of

And that essential difference, that English heritage of clubs' building and playing exclusively in their own homes, is now a very great burden on the game. Clubs here, having stood for a century, will go out of business before the

economic depression ends.
Their castles are falling down around them. The stadiums are disintegrating edifices of a bygone economic age, run, alas, by men of ontmoded ideals.

In most major English cities, for example, there are soccer teams struggling with crippling overheads, yet playing home games once a fortnight in otherwise deserted stadiums. And, often within a couple of miles, there is a "rival" stadium, representing the city's other team, lying fallow. The economics of it is mind-

boggling.
The new figurehead of the English Football League, Jack Dunnet, a solicitor and member of Parliament, is chairman of Notts County FC. That chib has a particularly antiquated stadium that is costing more than the club owns to bring up to the Safety of Grounds Act, A bundred yards away is the stadium of Nottingham Forest, a recent European champion struggling to half-fill a ground in which the bank charges on a new £2.5-million grandstand are horrendous.

Nottingham's two clubs met in that stadium last weekend. The players were booed off the field, players who cost £1 million each and are not capable of attracting full houses at 14-day intervals.

Nottingham, it's true, is not a traditional soccer city. But Liverpool, which has two First Division is suicidal to resist change for the

has two; and Birmingham and London, with more than a dozen major teams, are all equally intent on exclusive grounds.

There had been talk for decades that Arsenal and Tottenham would share a new sports stadium - talk that Spurs' spanking new £4.5-million grandstand ensures will come to naught. Chelsea, almost liquidated a few years back because of the financial millstone of its rebuilt ground, bas equally stubbornly never found common ground to share with its close neighbors, Queen's Park Rangers

"Share our ground?" said Tom-my Trinder, the music-hall comedian and onetime Fulham chairman. "I don't want to move in with my mother-in-law.

In Bristol, the Rovers and the City were in such cutthroat rivalry that when the civic rulers suggest ed they use the same ground some years ago, it was rejected as a violation of the rights of supporters. They would never, squealed direc-tors of both clubs, be seen dead visiting the other's patch to play

and train.

Even when fire burned Rovers' stand to the ground, the club preferred in use workmen's huts to change and to go on performing in a ghostly emptiness. City at that time was a First Division club, looking down dispassionately on little brother and signing players on huge long-term salaries. But the bubble burst. Those

high-salaried players are now with a club heading for its third consecnove relegation, down into the Fourth Division, while Rovers are at least stable in the Third. And the agreement has come of necessity: oext season Rovers will aban-don its little ground and start paying rent to share City's place.

If there is a next season, Bristol City is, like a good many lowerdivision soccer outfits, staring the bankruptcy courts in the face. Its manager, former Malmö coach Bob Houghton, has abandoned ship; its directors are trying to get rid of eight players whose £25,000a-year wage is simply not justified; and the players are calling in their union to try to prevent the club from taking out yet another bank loan to buy out their contracts.

Our American honseguest was fascinated by all this. Fascinated and grateful that when the United States began mapping out its boundaries without the hidebound burden of tradition, sports were placed where the franchise was best able to cope, and the sharing

of stadiums was logical.

Even those whose instincts resist the Americanization of a game Britain gave the world know that it clubs operating in grounds that alsake of it. Tradition is a useful most touch; Manchester, which word written on a tombstone.



Fans mobbed the motorized cable cars carrying the San Francisco 49ers.

# For One Day, San Francisco Lost Its Cool

SAN FRANCISCO - For people who like to consider themselves laid-back, mellow and sophisticated, San Franciscans staged a wild homecoming for the

Super Bowl champion 49ers.
A crowd estimated by police at about 240,000 jammed the financial district and all the streets lead-ing across town to City Hall on Monday in the largest street demonstration in the city since the end

Deputy Mayor Hadley Roff said he thought the crowd exceeded 500,000. "We're dealing with a total unknowable, and the oumbers grew into a monstrous size," Roff said.

Spectators sat or stood dangerously on the ledges of tall office buildings. Others climbed traffic lights, trees, street signs and lamp posts. They blew red plas-oc trumpets, tooted whistles, honked horns, waved pennants and tossed around small footballs, Police said more than 100 persons were injured,

### including six police officers. City's First Championship

When the parade finally began in the brilliant lateafternoon sunshine, the financial district came to a halt in celebration of the team's 26-21 victory over the Cincinnati Bengals on Sunday at Pontiac, Mich. The triumph provided the first world championship ever for a San Francisco professional sports team.

The 49ers' coach, Bill Walsh, their owner, Eddie DeBartolo Jr., and Mayor Dianne Feinstein sat in a 1934 Packard convertible ahead of seven motorized cable cars filled with players as the parade inched through the crowd. "Uobelievable, unbelievable," Walsh said several

times as be reached out to shake thousands of hands.

The players were hugged and kissed in an unabashed outpouring of emotion

A blockade of bodies across the wide expanse of Market Street forced the parade to change its route twice on its way to an awards presentation at City Hall, where as many as 50,000 fans were gathered.

That is where most of the trouble began. Thousands of spectators surged against police barricades in front of City Hall while the players were presented keys to the city. Police on horseback charged into the crowd and helmeted officers used their clubs to keep the spectators back.

"I hope it's another 35 years before we win another Super Bowl," said one distraught officer.

### Heads High in Cincinnati

CINCINNATI (AP) — About 3,500 screaming, pennant-waving fans, oblivious to the snow and subfreezing temperature, jammed Fountain Square to welcome the Bengals home Monday despite their loss in the Super Bowl.

We didn't accomplish what we wanted to do," said the Bengals' coach, Forrest Gregg, but the crowd didn't let him finish. "Next year, next year, next year," they chanted.

### Super Cleanup

PONTIAC, Mich. (AP) — Super Bowl fans may have left their hearts in San Francisco, but they left about 630 tons of trash in the Pontiac Silverdome. Officials said it would take 60 workers almost three days to get the stadium clean again and the operation

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# Navratilova Beats Jaeger in Seattle

Our Computer Can Whip Yours

By Neil Andur New York Times Service

NEW YORK - For the players. it will mean more money. For the officials, there will be more headaches. For the public, the 1982 men's professional tennis circuit will be more confusing than ever. with conflicting tournaments and even conflicting computers.

The problem stems from rival circuits — the Grand Prix and World Championship Tennis which will stage separate \$300,000 tournaments for the first time this week in Philadelphia (the U.S. Pro Indoor of the Grand Prix) and Delray Beach, Fla. (WCT). Similar conflicts between the circuits will continue throughout the year, expanding the tournament schedule. prize money and player opportunities, but further fragmenting the

quality of the fields.
In Philadelphia, for example,
John McEnroe, Jimmy Connors and Vitas Gerulaitis are the topseeded players in a 64-player draw. The 16-player WCT clay-court event has Ivan Lendl, Jose-Luis Clerc and Eliot Teltscher.

### What's at Issue

"The guy who arranged this cir-cuit must have been the same guy who devised the Rubik's Cube," said Alan King, the comedian and tennis patron, whose mid-April \$300,000 Grand Prix tournament in Las Vegas will compete against the WCT finals in Dallas.

The decision last April by Lamar Hunt to split his WCT operation from the Grand Prix grew out of differences between Hunt and the Men's International Professional Tennis Council.

Hunt contended that the ninemember council, which administers the men's game, demanded two conditions that WCT could not meet in 1982; that WCT idemnify the council in case of litiga tion involving a WCT event, and that WCT disband its player-man agement division. The split has left the Grand Prix with an 86-tourns ment, \$17-million tour, while WC will have 22 tournaments worth \$3 million this year.

But the differences, which de not apply to the women's tour, go deeper than simply tournament dollars. Because the Grand Prix will oot recognize WCT results oo its computer rankings, WCT wil issue its own computer rankings, thus giving the sport not one but two versions of where players stand statistically. The two opera-tions also will publish competing periodicals, in addition to going head-to-bead for television, sponsorship and marketing dollars. To orchestrate his tour, Hunt

hired a former member of the council, Owen Williams, as his executive director and chief adminis-

# The Associated Press

SEATTLE - Martina Navratilova steamed past Andrea Jaeger, 6-2, 6-0, in the finals Monday night of a tennis tournament here.

Navratilova, the No. 1 seed, needed only 4! minutes to defeat Jaeger, 6, who was seeded secood. With the score tied at two games each in the first set. Navratilova won 10 straight games.

"She had some chances, but I seemed to come up with the big shots," Navratilova said. "I just kept rolling. If I keep playing like I played tonight, it will be difficult for anyone to keep close, It's been a long time since I've felt this good about my game."

In the doubles final, the No. 2-seeded team of Rosemary Casals and Wendy Turnbull upset the top-seeded team of Kathy Jordan and Anne

trative officer. Williams was once ers. In 1981, 42 players earned in recruited to promote the U.S. excess of \$100,000 from Grand Open championships when the event was held at the West Side Tennis Club in Forest Hills.

"I think there's going to be fierce competition," Williams said the other day from Dallas, pessimistic on any hopes for an early truce. "The quickest on their feet, the ablest, are going in win. That doesn't mean WCT is going to be all-powerful. Some of our tourna-ments are weaker than others. But a lot of Grand Prix events are going m get hurt. Those that were weak will fall by the wayside. And maybe they should. Some of them have had prime spots just on the good graces of certain iodividu-

"We're walking a fine line," said Jerry Solomon, the director of the Grand Prix. "I just hope nothing blows up, but every week for the next few weeks will be interest-

ing."
The beneficiary will be the play-

# NHL Standings

| -          | Pa           | trick Div | ولهزاه |     |     |     |    |
|------------|--------------|-----------|--------|-----|-----|-----|----|
| 0-         |              |           | N I    | . т | GF  | GA  | Ph |
| <b>a</b> - | NY isignders |           | 13     | •   | 197 |     | 60 |
| d          | Philadelphia | 22        | 16     | 3   | 193 | 172 | 59 |
| _          | NY Rongers   | 21        | 20     | 7   | 172 | Lag | 49 |
| 1-         | Pittsburgh   | 20        | 20     | 8   | 184 | 192 | 46 |
| ft         | Washington   | 12        | 25     |     | 173 | 201 | 17 |
|            | Ad           | arms Dh   | risio  | n   |     |     |    |
| <b>R</b> - | Buffalo      | 29        | 11     | ,   | 100 | 145 | 67 |
| Т          | Boston       | 28        | 14     | 7   | 202 | 169 | 43 |
| 8          | Montreal     | 24        | 11     | 12  | 214 | 128 | 60 |
| ю          | Quebec       | 25        | 19     | 4   | 224 | 100 | 56 |
|            | Hartford     |           | 24     | ñ   | 159 | 207 |    |
| 0          | CAMPBE       |           |        |     |     |     | _  |
|            | 944          | HTE DIV   | kilor  |     |     |     |    |
| O          | Minnesota    |           | 14     |     | 207 | 167 | 55 |
| 11         | St.Louis .   | 224       | 21     | 4   | 188 | 194 |    |
| X          | Winnipeg     | 18        |        | 18  | 165 | 214 | 46 |
|            | Chicono      | 17        |        | 9   | 216 | 227 |    |
| 0          | Torombo      | 15        |        | 12  | 205 | 228 | 42 |
| 11         | Detroi1      |           | 26     | •   | 165 | 204 | 37 |
|            |              | vibe Div  |        |     | 103 | ~   |    |
| 5,         | Edmonton     | 30        | 12     | ٠,  | -   | 204 | 60 |
| ıt         |              |           |        | -   | 278 |     |    |
| -          | Caleary      | 18        | 21     | 12  | 202 | 224 | 48 |
| 3          | Vancouver    | 15        | 24     | 11  | 172 | 185 | 45 |

13 26 to 192 234 36 10 32 8 140 227 28 Monday's Results 3. Boston 3 (Boupeola (2), McDonald flee (20); K. Crowder 2 (15), McNob

solo 9, Toronto 2 (Smith 3 (30), Hokons pointesupy y, porano 2 (summ) (1,00) Potens-jon (7), Broten (17), McCorthy (4), Clorrell ? (38), Palmer (18); Aubin (8), Govin (49)]. Hortford & Chicoso 5 (Sullinon 3 (22), Francis 2 (13), Larguche (18); Secord (3), Mutvey (18), Zoltarko, Robidoux Wilson (22)].

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Prix events, including their season-

ending bonus pool.
"What you could see in 1982." Solomon said from Washington. "is players who made \$60,000 last year pulling in \$120,000 this year." But while the better players can pick and choose spots, the public again may wonder how to separate the significance of anything other than the French, Wimbledon and

U.S. Open championships.
"I don't think the public will have a clue as to what's going on,"
Solomon said. "But I don't think
they bave for a while."

"I don't think the people are going in stand for it." McEnroe said recently, in assessing the 1982 season. "Personally, I think it's going to be a mess after last year, and you'll have ached." and you'll have oobodies winning tournaments. But they'll probably blame the top guys for this, too." Leodl and Clerc already have

committed themselves to WCT events, according to Wil-liams. McEnroe is interested but uncommitted, and Borg and Con-

has demanded that he sign for 10 tournaments (in addition to the Grand Slam events) or face qualifying in every event. For the moment, Borg, who is on a fourmooth break until April, has said he will play the qualifying rather than add any new commitments, leaving the council with yet another administrative problem.

PHILADELPHIA (UPI)

Tim Mayotte upset Kriek, who was seeded fifth, 6-2, 7-6, and Gottfried, seeded eighth, was climinated by Kevin Curren of South Africa, 6-4, 6-4. Chip Hooper downed Peter Fleming, who was unseeded, 6-2, 3-6, 6-3.

# BACK-DOOR APPROACH - Lonnie Shelton of the Seattle SuperSonics came up under

# NBA Standings

W L Pcl. G5
20 11 .722 —
29 12 .707 1
21 17 .525 51/2
19 23 .452 111/2
18 23 .459 12 457 467 453 455 455 175 .450 .524 .443 .341 .325 .300

.732 .483 .415 .544 .550 .283 Monday's Result
Sentite 113, New York W (G. Williams 25, Sik-

Correction It was incorrectly reported in Monday's International Herald Tribune that Phil Mahre had won a giant slalom ski race in Wengen. vitzerland. The race was a slalom. The article also incorrectly said Ingemar Steamark had five consecutive victories before the Wengen event. Stenmark has won four World Cup events this season.

Phoenix Open Golf Event

finish all alone in third at 270. He was a stroke ahead of Morris Hatalsky, Larry Nelson and Andy Bean, who tied Pate and Wadkins for low honors in the final round by also shooting 65.

Wadkins' career on the profes-

sional tour has been erratic. In

1973 and 1977, for instance, he

won more than \$200,000, but io

three of the last four years be has

had earnings of less than \$100,000.

after the first round in Phoenix and by 2 after the second. Then Wadkins shot a 63 to grab the

FOOTBALL NECTIONAL FOOTBALL LEGGE NEW ENGLAND PATRIOTS—I

HOCKEY MOCKEY

Bothood Hockey Leause

DETROIT RED WINGS—Sent Eric Vell, left wing, to Adirondock of the American Hockey League. Recalled Jody Gose, ferward, and Release Cloutter, detensemen from adfrondock.

MEW YORK RANGERS—Sont Mark Morrison, Canter, to Victoria of the Western Hackey League.

SOCCER

Deviction 72, VMI 58

COLLEGE INDIANA STATE—Annunced the resigno tion of Bill Hodges, head background cooch effect tive at the end of the season. MISSISSIPPI—Numed Ran McCrone desist

College Basketball Polls

NEW YORK — The Top Twenty teams in The Associated Press' college basketbolt polt, with first-place votes in parentheses, this season's record and tool polists. Polists brade on 25-17-16-17-16-17-16-17-16-17-16-17-16-17-16

ed Presi

8. Oregon St.
9. Son Francisco
19, Minnesota
11, Idoha
12, Arkonsas
13, Adohama
14, Konsos St.
13, Tennesue
14, Tutsa
17, North Carolina St.
18, Walke Ferest
18, Franco St.
20, Villanova 17-2 12-3 16-2 13-2 14-2 13-3 13-3 13-3 15-1 13-1 United Press Inter-

1. Virginia (9)

5. Texes (1)

OFFICE TYPES INTERNATIONAL

NEW YORK — The United Press Indi
of Board of Coaches Top 3) college to
rollings, with first-piace value in service-lost records and total points:

1. MISSOURI (20)

164 2. San Francis 13. Konson St. 14. Tulso 17. North Corolina 12. Franco St. 19. Villanova

(Note: By gareament with the National Association of Baskatball Coaches of the United States, teams on probation by the NCAA are installable for foe 30 and national champleonship consideration by the UPI Board of Coaches. Those harms on probation for the 1951-82 season are: Arbansas Shrip, New Mexico, Texas Christian, UCLA and Wichita State.)

Selected Results Monday EAST

# College Basketball

EAST
Fair-leish Dickinson 102. Long Island U. 100
Georgetown, D.C. 72, Vilkonova 36
Hofstra 45, Deloware 53
Navy 74 Lycoming 49
St.Bonovantura 30, Rutperi, 25
St.John's, N.Y. 91, Seton Hall 85
Syracupe 69, Penn 35, 48
West Virolatid 72, Mossachusetts 60

ant football coach.
PURDUE--Named Chester Cadios, Ray She man and Jim Colletto assistent football coaches SOUTHERN ILLINOIS-Named Law

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**AMSTERDAM** AMSTERDAM-JB Excort Service 222785 Builten Wieringerstroot. 3 - 5. GENEVA. CHARLENE CUIDE Service. Tel: 20:39:35. nors will play Las Vegas (thus keeping them from Dallas).
Of course, Borg has his problems with the Grand Prix, which

### 3 Upsets in Philadelphia

Johan Kriek, Brian Gottfried and Peter Fleming were upset Monday in the first round of the U.S. Pro

Indoor championships.



# the basket trying to score around the New York Knicks' Maurice Lucas. Seattle won, 113-99. Wadkins Holds On to Win

PHOENIX — Lanny Wadkins, making good on his word to play

The victory gave Wadkins eight since he joined the tour in 1971.

He trailed Nelson by 2 strokes making good on his word to play aggressively in the final round, shot a 6-under-par 65 to win the Phoenix Open golf tournament, al-

Nicol, defender: John Weisch, midfielder: an Hanz Henriksen, larward. TULSA—Signed Franz Gerber, forward.

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Virginia Tech 51, St. Louis 75 ENGLAND: 01-428 7944 most without a challenge. Wadkins, winning for the first time in the last three years, started the final round Monday with a 4-David Graham, the defending champion, finished far down the OTHER EEC CAPITALS Tel: Germany 0-6103-86122 **London Maxine** Vanessa Escort Service line at 279, while Ed Fiori, who Tet 01/47 02 12 - 69 22 45 Escort Agency. London 402 5346. won last week's Bob Hope Desert stroke lead, widened his advantage Classic, wound up at 284. A-AMERICAN PROOF SERVICE Evapy the St. Detroit #9
Karses 72, Alcom St. 40
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FAR Wils to 5 by the turn and then breezed ARISTOCATS Craig Stadler, who won the Tuc-Samantha Escort Service ESCORTS NY & \* SHE \* Escort Service home to finish with a 21-under-par Escort Service London 437 4741/2 12 noon - midnight son Open two weeks ago to start the 1982 tour, and Tom Kite, the total of 263 and a 6-shot edge on USA: 212-744-0625 EVERYWHERE Jerry Pare. YOU ARE--OR GO **AMSTERDAM** leading money winner in 1981, fin-ished at 274, while Johany Miller Pate also shot 65 in the final LONDON - CHEISEA GIRL Excert Ser round and, while he was no chal- America-Transworld ZURICH - GENEVA • Son Diego St.St. Air Force 47 vice, 51 Beauchamp Place, London SW3. Tel: 01 584 6513/2749, 4-12 pm. lenge to Wadkins, the former U.S. was at 283 and Bill Rogers, the 212-591-2934 British Open champ, was at 285. Ornego Escort Service Germon Open champ moved ahead of half a dozen players to grab second place at 269. 212-461-6091 TEL: 0049-6103-82048 EEC. CAPITALS Excert Service, Germany 0/7851-6719 212-961-1945 Mike Reid closed with a 66 to BRUSSELS - MILAN • Girls, be on escart, Call or write POE 176, Fresh Meadows, NY 11365, USA

# A Right Smart o' Wind

By Russell Baker

NEW YORK — Watching tele-vision weather reporters rave about the wind-chill factor this winter has started me thinking about my Uncle Bruce and what a loss his passing was to the art of

cold-weather reporting. Neither the wind-chill factor nor the TV weatherman had been invented in Uncle

Bruce's lifetime. All he had to work with were nerve ends and instinct, but with these primitive gauges he could give a flawless reading on how cold you are going to be outside on a winter



morning. At the edge of the mountains in northern Virginia where we lived, winter could be "pretty cold," which was the entirely adequate report he often brought back after returning from a dawn trip down across the orchard to the barn where he milked the cows.

Everybody knew from this twoword report precisely how much discomfort to dress for. Clothing had to be slightly thicker than what you wore when he reported "just a little ice around the spring," but not as heavy as you'd need when he answered, "mighty

Blizzards often howled down off the mountain when it was "mighty cold," and when Uncle Bruce came hack banging the snow off his knee-high ruhber boots his weather report was expanded to take note of the howling.

"How cold is it out there this morning, Bruce?"
"Mighty cold," he would say, then add: "There's a right smart o'

"Mighty cold" with "a right smart o' wind" meant the cold was as terrible as humans could possihly stand without turning brittle and cracking.

These four gradations of coldness were completely adequate for our survival purposes in winter. "Just a little ice around the spring" — a tolerable day, "Pretty cold" winter will always be with us, "Mighty cold" — hutton up tight. "Mighty cold" with "a right smart

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o' wind" -- well, man is born to

Uncle Bruce's right smart o' wind was intended to warn us against what is now called the wind-chill factor. Doubtless the wind-chill factor is a measurement of great scientific value, but for nonscientific purposes it is not in the same class with a right smart o'

The electronic weathermen going on and on this winter about incredible wind-chill factors tend to sound like the boy who cried wolf. On rising one morning re-cently I was astonished when one of them said that though the temperature was only zero or thereabouts the wind-chill factor would assault me with a frigidity equal to 55 degrees below zero if I left the house.

It took some courage, but I left the house anyhow. What a disappointment. I don't doubt the windchill factor made the outdoors feel as if the temperature were 55 degrees below zero, but there was no noticeable difference between the cold I felt in this amazing scientifically measured condition and what felt when Uncle Bruce reported those childhood mornings as "mighty cold" with "a right smart o' wind."

Uncle Bruce's weather reporting, of course, was just that: reporting. He didn't have to oversell winter to avoid losing a transmission-re-Dair SDOUSOF.

Gee-whiz stories like "coldest winter since the 19th century." which have appeared in the news this month, would have baffled Uncle Bruce, for these are hased on minute variations in thermometer readings and he paid little attention to the thermometer.

My grandmother kept one nailed to her front porch, but it was only there for a status symbol. Nobody ever consulted this thermometer before deciding how to dress on a winter's day. Everybody knew that 10 degrees

Fahrenheit was a relative thing which could be either tolerable and harmless or make your ears drop off, depending on whether the quality of wind motion was negligible or right smart.

Naturally Uncle Bruce noticed that some winters were harder than others. He didn't need scientific instruments for that. In a really hard winter the popcorn ran out before March.

New York Times Service

# Yves Saint Laurent the Melancholy

At 45, Yes, He Would Do It Over Again, Despite All the Anguish

By Hebe Dorsey

International Herald Tribune PARIS — In a what-price-glory interview, Yves Saint Laurent, who is celebrating the 20th anniversary of his fashion house this week, said that he had paid too dearly for the whole thing and that, given another chance, be would not do it all over again.

But later the same day he called to say: "Please, don't make it sound too sad. I just had a dreadful day, bad fittings and all that. Do say that I would do it all over again." Still one wonders. Saint Laurent, whose designing talent materialized into a ing talent materialized into a \$200-million empire and won him worldwide fame and fortune, could not be shaken from a deeply melancholic mood.

The interview, which was more like a conversation, halting and slowed by pained pauses, took place in his small, paisley-lined, Napoleon III office during the preparations for this week's fashion showings. Saint Laurent, wearing a neat pin-striped busi-ness suit and chain smoking. talked facing a portrait of an ancestor — a notaire from Alsace who was ennobled by the first Napoleon for having drawn up his wedding contract with Josephine.

Retains Adolescent Look

Saint Laurent has retained that ingratiating, vulnerable, slope-shouldered adolescent look that has made him, together with his real talent, the darling of the fashion press. "Yes, people al-ways tend to think of me as young " he said, "but I am not young anymore. I am 45."

A man whom many would envy, he sounded terribly unhappy and blamed just about everything and everybody — his early fame; his ambition, which he termed "very destructive"; his hypersensitivity; his internment in the psychiatric wing of Val de Grace Hospital during his military service. ("Those people," he said of the authorities, "destroyed me.") Finally, the pressure of having to produce four collections a year that has made

his life solid angst. That he had too much too soon was not a good thing, he said. "Dior hired me when I was 18. When he died in 1957, my

youth was finished. I was 20. Fame fell on me and certainly disrupted the whole course of my life. Because fame, in a way, and one notices it as one grows older, means solitude." He admitted that his work had its rewarding moments. "It liberated me. I was very shy, very uptight," he said.

Saint Laurent said that now "I live like a monk, I never go out anymore because my work absorbs me entirely. Even a conversation with a friend disturbs me for the next day. That means that I have to go home and live in si-

It is getting to be too much, he said. "But then I always paid too much, one way or another," he sighed. "It's too time consuming. that business of mine. I am not very strong — and I'm beginning to feel my age and fatigue."

Asked if he was contemplating

retirement, Saint Laurent, who, at another point said he felt his best years were behind him, replied: "It's hard to answer, because after this collection I must take care of myself, get myself at peace and decide my fate. I must decide whether I will go on with haute countre, if I give up readyto-wear, if I give up altogether --there are all kinds of questions which are very important to me because this rhythm can't go oo.

"My life is solid work," continued, "which is not normal, because it prevents me from going out, it prevents me from seeing people, it prevents me from seeing friends, it prevents me from," he pansed, "leading a normal life. I live only in perpet-ual distress and anguish." What's the solution, if any?

"It depends on events," he said. "I could transform the house, I have that dream of having a big store, like in New York. that would give me a stimulation that I have lost a little bit. Because it's getting to be a bit the same, those collections four times a year. It gets to be routine.
"I find one should change

now, given the events, today's iffe. I would like a big store, like Trois Quartiers, where I would keep feeding the haute couture department. But I would live without those dreadful deadlines and without stress."

He also indicated that he had



Saint Laurent: "Please don't make it sound too sad."

pecied, escape from the pressure of work. At the suggestion of a psychotherapist who has been treating him for two years, he has started visiting hospitals and concentrating on the misery of others, giving both time and money.

"I cannot see a paper, I cannot turn on television, without each image tearing me apart. I cannot accept living the way I live when there is so much hardship around. There are so many miseries, I feel closer to life than to fashion dreams. I would like to help and to project myself in a totally different life, where I would be not the first one but the last one."

At times, Saint Laurent, who can be painfully modest, also appeared fully aware of his artis-tic worth. "Although countre is not an artistic profession," he said, "I have all the conditions to he an artist. I am very gifted. I could have been a painter, a writ-er, a theater decorator, I could

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have been - I could have designed furniture."
Would he have liked that better? "No," he said, "because fashion has brought me immense

happiness. Those twenty years still sound joyful, even if they sound the end of youth." A man who has changed the course of fashion more than once, Saint Laurent said he would show all his big themes today — pants, black treated as a color, lots of evening draped sheaths with big diamond plaques, rajah suits in pale brocades, and a new spencer suit — based on the style introduced by the second Earl Spencer in the early 19th century. No revolution, he said because I consider I've found my style, and I find fash-

ion dies but style remains."
Saint Laurent added that, as far as he is concerned, Paris is still the fashion capital of the world. "I believe I could not create outside of Paris," he said.
"Paris is my second heart."

# PEOPLE: Pamela Mason Loses Control of Dad's Estate

A British court ruled that Holly-wood socialite Pamela Mason, former wife of actor James Mason, must relinquish control of her fa-ther's \$2.4-million estate. The court said she had acted "irresponsibly and unreasonably" in adminstering the estate. High Court Judge Sir Irvine Goulding said Mrs. Mason ran up "extremely high and extravagant" hotel and travel bills and fees in connection with the estate of the late Isadore Ostrer, a textile tycoon. Goulding ordered that control be transferred to a London accountant, Gordon MacAlistair, who will act as a judicial trustee. The application to oust Mrs. Mason was made by her stepsister, Isabella Blench, 25, who said she was delighted at the outcome. "Pamela has been ordered to pay all her legal costs and some of mine. The rest of my costs will come out of the estate," Bleach said. "Pamela's costs are already well over £100,000 [ahout \$185,000], but she can afford it. She's a millionairess several times

Kenny Rogers, nearly repeating his sweep of a year earlier, won three awards at the ninth annual American Music Awards in Los Angeles. Rogers was chosen favorite male vocalist in the pop-rock category and his "Greatest Hits" was voted the top album among both pop-rock and country selec-tions. He now has won an even dozen of the pyramid-shaped plexglass trophies, including four last year. In the favorite pop male vo-calist and alhum categories, Rog-ers defeated the late John Lennon and his "Double Fantasy" album, recorded with his widow. Yoko One. Willie Nelson was chosen favorite male country singer and his "On The Road Again" was the favorite country single record. The only other multiple winner was "Endless Love," theme song from the film of the same name. Lionel Richie, who wrote the duet and sang it with Diana Ross, told re-porters, "I think I'm dreaming. This couldn't he happening." A high point of the evening was a tribute to Stevie Wonder, who received a special Merit Award for his contribution to the music in-dustry and also was voted favorite male soul singer. The American Music Awards winners are determined by a survey of the U.S. record-buying public.

Donald K. (Deke) Slayton, last of the original seven Mercury astro-nauts still active with NASA, says

he is being let go, but the space agency says it hasn't made a deci-sion in the matter. But even if he is asked to stay on as director of the space shuttle test program. Slayton said, "I honestly don't know if I would." In a telephone interview, the former astronaut said he's "looking for another challenging job, hopefully in the aerospace in-dustry. Slayton said he didn't ex pect to be working for NASA for the the third of four planned shuttle test flights, a seven-day manned flight scheduled March 22.

In the presence of the Spanish and Mexican ambassadors, opera tenor Piacido Domingo hrandished a sword like Manrico in "Il Trovatore" to slice a cake honoring the 10th anniversary of his debut at the Royal Opera House in London. "I interpolate from 'Di quells pira," said Domingo, referring to Manrico's fiery aria in the popular Verdi opera. "I take the sword and cut the cake." It was 10 years ago that Domingo carrie to I ondon to that Domingo came to London to sing Cavaradossi in Puccini's "Tosca." He currently is starring there in a John Schlesinger staging of Offenbach's "The Tales of

George Steinbrenner, owner of the New York Yankees, won TV Guide magazine's "Mr. Nice Guy Award" for the second year in a row. The award goes annually to the year's most boorish sports figure. Steinbrenner won for a series of actions, including harrassing manager Gene Michael and humiliating his stars. He had to beat out George Brett of the Kansas City. The broke up two toilets, pushed in the face of a lady sportswriter, roughed up a gentleman sportswriter with her and, during the kle, poked a photographer with a :1 crutch." "Nice Guys" who finished! last included three tennis stars -John McEnroe, Ilie Nastase and Vitas Gerolaitis.

King Carl XVI Gustaf and Queen Silvia of Sweden are spending a few extra days in Cancin. Mexico, following their seven-day official visit. to Mexico. The king went deep-sea fishing while the queen sunbathed in the well-guarded isolation of a government retreat, according to guards assigned to them. They were to have returned to Sweden Sunday, but authorities said they decided to stay on to take advantage of the sun and

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